Human Development Report Nigeria **2008 - 2009**

Achieving growth with equity

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Foreword

The theme of this National Human Development Report (NHDR), *Achieving Growth with Equity*, deals with the complex intertwined relationship between growth, poverty and inequality, which forms a critical part of the agenda of the Nigerian Government as expressed in the 7- Point Agenda. The NHDR comes at an opportune time when Nigeria is developing its Vision 20:2020 and the Fifth National Development Plan. The report provides analytical support to these current development initiatives.

We all know that policies and programmes designed to advance human development emanate from, and are implemented by, the public sector. In market-based economies, growth is generated by the private sector (hence it is often called the "engine of growth"), but facilitated by government through productive and strategic public investments and creation of an enabling environment. While sustaining high economic growth is a necessary condition for poverty reduction, it is not a sufficient condition for an equitable distribution of wealth. The 2008/2009 NHDR focuses on achieving growth with equity. Within the context of the country, it offers policy proposals on how to achieve sustained, long-term and inclusive growth in Nigeria. The report provides the framework for operationalizing the thrust of the 7-Point Agenda and the Fifth Development Plan of government.

The NHDR is noteworthy in its focus on human needs. It examines the pattern of growth of the Nigerian economy and identifies factors which, if addressed by governments (Federal, State and Local), the private sector, communities, NGOs and individuals, would increase growth, promote employment opportunities and increase labour productivity that distribute the benefits of growth more effectively. For this objective to be achieved, the report underscores the imperatives of many governments but ONE economy through intergovernmental cooperation and coordination. It emphasizes the necessity for cooperation among the three tiers of government in implementing inclusive growth policies by recognizing effective cooperation as a critical factor while also emphasizing the need for proactive coordination of development programmes.

Most Nigerians are capable of actively shaping their lives and are eager to influence the development of their nation in a spirit of cooperation. While appreciating that poverty and inequality are still relatively high in the country, current initiatives of government are targeted at addressing these issues. Nigeria's improvement in human development index from low to medium category between 2005 and 2007 is a reflection of our modest achievement in economic growth in the recent past. In spite of the emerging challenges, the government is committed to improving human capability through sustained growth and poverty reduction.

Like previous editions, this NHDR will initiate public discussion and awareness of the issues that are critical to our nation. The current policy focus of government is, of course, addressing many of the issues already, but the fact that they are brought out in this report implies that they remain relevant to the country's development process. The negative impact of current global economic crisis on government revenues, income inequality and standard of living underscores the need to consolidate, rethink, and redirect past strategies. This has become more urgent than ever so as to sustain and improve on the past growth

growth efforts, reduce poverty and create decent jobs with a view to enhancing the quality of life of the average Nigerian.

I would like to thank the United Nations Development Programme for its continued focus on people-centered development and for the production of this NHDR, which not only encourages us but also underscores the need for cooperation at every level of government to succeed in improving the social well being of the Nigerian people. I would also like to recognize the technical assistance provided to the National Bureau of Statistics (NBS) which contributed to its ability to produce the States Human Development Index (SHDI) for the first time, an important input into the development planning process. This initiative has reinforced government's effort to undertake from next year a comprehensive computation of states' gross domestic product with a view to generating adequate data for better planning.

I am convinced that this report will serve as a basis for constructive public discussions about growth and equity in Nigeria, provide the necessary input into the Vision 20:2020 and the Fifth Medium Term Development Plan at the federal and sub-national levels, and serve to enhance the socio-economic well being of Nigerians.

Dr Shamsuddeen Usman
Honourable Minister of Planning and
Deputy Chairman National Planning Commission

Preface

The title of this report, *Achieving Growth with Equity*, emerged from the consensus among policy makers, development analysts as well as other stakeholders who consider it one of the most topical issues in Nigeria's development landscape since the beginning of this Millennium. To deal with the issues involved in the topic, therefore, a team of consultants, academics and practitioners in the development sector worked together for upwards of twelve months to prepare the 2008/2009 Human Development Report. The team consulted with government advisors and policy makers, experts in the academia, civil society, private sector and individuals, as well as development partners. The report affirms that growth with equity holds the promise of a faster reduction in poverty and inequalities, enabling us to examine the levels of well-being which have changed over time and how different groups and states of the federation are faring.

The purpose of National Human Development Report is to generate debate, instigate change and catalyse action for human development. I, therefore, anticipate that certain aspects of the Report may elicit reactions which will lead to healthy debates and policy decisions, pointing towards a general positive direction for which we all need to put our energies and resources. This is an integral part of the UNDP's contribution to development policy analysis and management in the country.

Nigeria has emerged as one of the fastest growing economies in Sub-Saharan Africa, with an annual growth rate of 6 per cent witnessed between 2001 and 2008. Until the current global economic crisis began to affect the economy seriously towards the end of last year, the country had achieved unprecedented macroeconomic stability.

However, the high growth rates do not seem to have translated into equitable distribution of wealth. The government has been quite concerned with these poor outcomes and the Report acknowledges the efforts and the recent policy initiatives, which indicate increasing commitment of the government to a broader poverty reduction, social protection and human development agenda. Positive results can already be seen in the trend of the Human Development Index (HDI) rate of growth from 0.490 through 0.494 to 0.499 and 0.513 (NBS) in 2004, 2005, 2006 and 2008, respectively, placing Nigeria in the lead of low HDIs in the global UNDP HDI ranking. More achievements in growth should push Nigeria into the medium HDI countries.

A major innovation of the Report is the computation of Human Development Indices, disaggregated at state level for the first time in Nigeria. This computation, explained in the technical note of the report builds a foundation for policy interventions per region in order to tackle inequality. It actually, helps us to start identifying trends in social outcomes in various states. It, therefore, provides a platform for public debate. While it is important to maintain momentum of the substantial policy development and implementation already evident along the lines of broader poverty reduction agenda, many key challenges remain. The Report's assessment of both the evolving poverty situation and key programmes and policies suggests a number of priorities for further action. It is noted that the effectiveness of public policies will require vertical cooperation and coordination among the three tiers of government with a proper role assigned to the private sector.

Given the structural characteristics of the economy as well as the quality of growth witnessed in the past, any strategy to improve welfare must involve all stakeholders and address three simultaneous courses of action: (i) maintain a strong and focused emphasis on inclusive economic growth; (ii) guarantee better access to social services and adequate infrastructure, especially for the poor; and (iii) target policy interventions to protect the poorest or the most vulnerable groups. While the foregoing serve as the necessary condition for growth to translate into rapid reduction in poverty and inequality, the sufficient condition is to promote transparent, responsible and accountable governance.

At this point, I must mention the acute data challenges experienced in the process of preparing this Report and emphasize the need to strengthen the statistical system for both the federal and state governments. This is more so because the impact of some recent interventions by government on human development cannot be objectively assessed, unfortunately, beyond the results of the published data. The Report makes use of National Living Standards Survey (2004), complemented by the General Household Survey (GHS) 2007 as well as the Core Welfare Indicator Questionnaire Survey (CWIQ) 2006, MDG Mid-Point Assessment Report (2008), Life Expectancy Ratio Measurement (NBS 2008/09), and Multiple Indicators Cluster Survey (MICS3) of NBS/UNICEF 2008. It is my hope that the launch of this Report will be followed by prompt attention, leading to the commissioning of various studies, such as employment and informal sector analysis, among others, to address national data challenges. It also points out the need to give more attention to data generation and management in the country. This has become imperative, given the important attention the current administration is giving to development planning which, again, is being corroborated by the aftermath of the global economic crisis.

I wish to extend my thanks and appreciation to the team of Nigerian academics and practitioners, the Advisory Board and other stakeholders, technical reviewers, and the language editor who put this report together. I must also recognize the efforts of my colleagues at UNDP who worked tirelessly to support the process.

Alberic Kacou
Resident Representative
UNDP, Nigeria

The analysis and policy recommendations of this report do not necessarily reflect the views of the United Nations Development Programme (UNDP) or its Executive Board. It is an independent report commissioned by UNDP Nigeria. It is the fruit of a collaborative effort by a team of eminent Nigerian consultants and advisers and the UNDP Country Office led by the Resident Representative, Alberic Kacou.

Acknowledgments

The preparation of this 2008-2009 National Human Development Report was very inclusive and participatory. It benefited from contributions from a wide spectrum of institutions and individuals from government, the private sector, the civil society and the academia. We use this opportunity to thank all individuals and institutions who contributed directly and indirectly in providing guidance, support and input to the report.

Specifically, the report benefited immensely from the Advisory Board which provided guidance for the overall preparation process in a way that ensured inclusive participation, while promoting analytical quality and enhancing its policy relevance. The Advisory Board include the UNDP Resident Representative, Dr. Alberic Kacou (Chair), Senior Special Assistant to the President on MDGs, Hajia Amina az-Zubair (Co-Chair), Mr Turhan Saleh, the UNDP Country Director, Dr Bright Okongwu (Ministry of Finance) , Professor Sylvester Monye (National Planning Commission), Engr Mansur Ahmed and Mr Frank Nweke Jr (private sector) and Dr Otive Igbuzor (CSOs). The list includes two reputable economists, Professors T. A. Oyejide and Ode Ojowu, as well as Dr Ayodele Odusola, the UNDP Senior National Economist who served as the Secretary to the Board. The contributions from the Board added significant value to the report.

Our appreciation also goes to the National Bureau of Statistics (NBS) which provided useful data for the report. As the national institution mandated to generate socio-economic statistics and facilitate national ownership, the NBS generated and disaggregated national data to state level. Its national and technical experience was brought to bear in the computation of the human development indices for the 36 states of the federation and the Federal Capital Territory. The leadership role of Dr V.O. Akinyosoye, the Director General, is highly commendable.

UNDP is also very grateful to the Foundation for Economics Education (FEE), University of Ibadan, under the leadership of its Chairman, Professor M.O. Kayode. We specifically acknowledge the role of the various consultants that worked with FEE in the preparation of the report: Professor B. Aigbokhan, Dr. A.S. Bankole, Dr. O.A. Oyeranti, Professor O. Oyinlola, Prof. (Mrs.) S. Anyanwu, Prof. (Mrs.) J.O. Olusi, Dr. F.O. Ogwumike, Dr. O. Olaniyan, Dr. A.O. Adewuyi and Dr. O. Aregbeyen. Others are Dr. A. Folawewo, Dr. A. Aminu, Dr. M.A. Babatunde, Dr. B. Fowowe, Dr. I. Pogoson, Dr. B.T. Omonona, Dr. A. Adeoti, Dr. O.I.Y. Ajani, Dr. K.O. Adenegan, Dr. S.A Yusuf, Dr. O.A. Oni, Mr. G Falokun, Mr. B.W. Adeoye, Mr. F. Ekore, Ms. E.O. Akpan, Mr. A.M. Isiaka, Mr. E. Olubiyi, Mr. A.A. Kilisi, and Dr. D. Ewerenmadu. Their individual and collective contributions are appreciated.

We also recognize the invaluable contribution of the team of reviewers led by Professor Ode Ojowu, namely, Professor Mike I. Obadan, Dr. Joshua Attah, Dr. Okpanachi Usman and Dr. Ayodele Olumide who provided insightful comments that lent quality assurance to the entire work. Similarly, Patrick Edebor's editing, which enriched the final document and ensured its reader-friendliness, is equally recognized and appreciated.

The overall coordination and policy orientation of the UNDP Resident Representative, Dr. Albéric Kacou , set the foundation for the preparation of this report while the complementary supervision and in-depth technical review and support from Turhan Saleh, the UNDP Country Director, made a major contribution to strengthening the quality of the report. Special gratitude also goes to Dr. Ayodele Odusola, who then led the Economic Unit and provided invaluable coordination and technical support to the preparation process. The same appreciation is due to Colleen Zamba who saw the report to this final stage. The technical and logistic support by Marcelin Cisse contributed immensely to the preparation of the report, just as the following people also contributed to the preparation process: Adiya Ode, Funmi Soetan, Mary Ilo, Maureen Ideozu, Ifeoma Madueke and Maureen Chukwura.

Finally, the contributions from over 100 participants from the various stakeholders' fora in Abuja are also appreciated. Participants came from the key ministries, including state and federal governments, academia, private sector, civil society organizations and development partners.

This report is the outcome of all efforts of the people and institutions mentioned above. We hope the issues and policy recommendations from the report will provide useful insight into development policy making in the country, both at the national and sub-national levels.

Abbreviations & Acronyms

AfDB	African Development Bank
CBN	Central Bank of Nigeria
CCD	Code of Conduct of Bureau
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CWIQ	Core Welfare Indicator Questionnaire Survey
DFID	Department For International Development
ECA	Excess Crude Account
EFCC	Economic and Financial Crimes Commission
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
GDM	Gender Development Measure
GDP	Gross Domestic Product
GEM	Gender Empowerment Measure
GER	Gross Enrolment Ratio
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HPI	Human Poverty Index
ICPC	Independent Corrupt Practices and other Offences Commission
IMF	International Monetary Fund
INQ	Inequality Measure
LNG	Liquefied Natural Gas
M1	Narrow Money
M2	Broad Money
MDGs	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
NAPEP	National Poverty Eradication Programme
NBS	National Bureau of Statistics
NCI	Nigeria Corruption Index
NDHS	Nigeria Demographic and Health Survey
NEEDS	National Economic Empowerment and Development Strategy
NEPA	National Electric Power Authority
NIPOST	Nigeria Postal Services
NLSS	National Living Standards Survey
NNPC	Nigerian National Petroleum Corporation
NRDCS	National Resource Development and Conservation Scheme
PAP	Poverty Eradication Programme
PAYE	Pay-as-you-earn
PCI	Per Capita Income
PHCN	Power Holding Company of Nigeria
PPP	Purchasing Power Parity
RIDS	Rural Infrastructure Development Scheme
SAM	Social Accounting Matrix
SAP	Structural Adjustment Programme
SEEDS	State Economic Empowerment and Development Strategy
SMEIS	Small and Medium Scale Equity Investment Scheme
SWSS	Social Welfare Services Scheme
UBE	Universal Basic Education
UNDP	United Nations Development Programme
UWC	Percentage of Underweight Children under five
VAT	Value Added Tax
WGIs	Worldwide Governance Indicators
YES	Youth Employment Scheme

Overview

The NHDR is noteworthy in its focus on human needs. It examines the pattern of growth of the Nigerian economy and identifies factors which, if addressed by governments (Federal, State and Local), the private sector, communities, NGOs and each individual, would increase growth, promote employment opportunities and increase labour productivity as well as increase people's access to social services.

Overview

Focus

This edition of the Nigerian Human Development Report focuses on achieving growth with equity. In its simplest form, this concept refers to growth which enables the largest number of people, especially those less advantaged and poor, to participate in wealth creation and benefit proportionately more from the increased availability of public and private resources. In other words, growth with equity aims for a society which is fairer in the distribution of opportunities and rewards. This approach contrasts sharply with “orthodox” growth strategies which are focused principally on increasing the quantum of wealth in a country and the average level of income of the population. They are less concerned with whether or not the poor gain relatively more (or less) from this increased wealth and whether the gap between the rich and poor either widens or narrows as a result of the“orthodox”growth path.

Growth with equity, therefore, holds out the promise of a faster reduction in poverty and inequality, enabling more of the poor to gain access to productive and stable jobs, improved health and literacy, higher incomes and increased opportunities to engage actively in the life of their communities. As a result, growth with equity helps a society and country to progress from merely raising incomes to achieving a higher level of human development.

Guided by these perspectives, the Report makes three essential points: first, that the development debate in Nigeria over the past few years seems to have focused too narrowly on growth for its own sake rather than as a means to improved human development; second, that this narrow focus is likely to reduce the prospects of achieving the 7-Point Agenda and the National Vision 20:2020 because it will fail to tap the potential of countless millions of Nigerians who are poor today but can be highly productive in the future with the right combination of public and private policies and investments; and, third, that the most effective development strategy for the future is one anchored on growth with equity. The Report marshals the evidence and provides the analysis to make this central case to Nigeria's policy-makers, opinion-leaders and general public.

Conceptual Framework

The framework for examining the growth-poverty-inequality nexus and the concepts embedded therein has evolved over time. A more comprehensive understanding of current consensus however requires an analysis of this evolution. Hence, this section examines several of these analytical concepts in turn.

Growth with Equity

In the evolution of development thought and practice, two key questions have remained prominent: what is the most appropriate objective of economic development, and how can this objective be best achieved? Viewing per capita income growth as the key objective served as the starting point, but it has been under sustained questioning almost from the very beginning. Consequently, in the early development planning efforts of many of today's emerging economies, especially in the 1950s and 1960s, additional objectives, including poverty eradication and employment generation, featured prominently. In the 1970s, a new wave of development thinking generated the "basic needs" approach which focused on the direct provision of "essential" commodities and services, thus providing a counter-weight to per capita income growth as a primary objective of development.

In re-thinking the key objectives of economic development, improvements in human development, especially infant mortality, life expectancy, literacy and gender empowerment have emerged as key elements of the appropriate fundamental objectives of development. The process has culminated in the widely accepted emphasis on human development whose main components are today encapsulated in the Millennium Development Goals (MDGs).

The idea that a narrow focus on income was not justified received a significant boost from World Bank research in the 1970s which examined such concepts as "redistribution with growth" and "growth with equity". The process of re-thinking the key objective(s) of economic development gathered momentum over the next two decades such that a series of UNDP Human Development Reports were built around the concept of human development. By the mid-1990s, improvements in the various dimensions of human development, especially infant mortality, life expectancy, literacy and gender empowerment, have emerged as key elements of the appropriate fundamental objectives of development. The process has culminated in the widely accepted emphasis on human development whose main components are today encapsulated in the Millennium Development Goals (MDGs).

Human development is the ultimate objective of growth. Improvements in human development increase labour productivity which, in turn, raises both output and income.

The result is not just a matter of adding human development to income as co-objectives of development. Rather, it involves a two-way interactive relationship between them, as well as a hierarchical re-arrangement. In other words, income growth is viewed as the necessary engine (or means to an end) and human development is seen as the ultimate objective; while the two-way linkages suggest that income growth enables improvements in key components of human development and these, in turn, promote further growth in income. More specifically, improvements in human development (through, for example, better health and more education) increase labour productivity which, in turn, raises both output and income on the one hand; while economic growth increases both private and public resources that can be applied to raise the level of human development on the other.

Pro-poor growth demands that serious attention be paid not only to the extent to which private income poverty is being reduced, but also the extent to which public income poverty (i.e., relative access to public goods) is affected in the process of economic growth.

This is what defines the concept of growth with equity. It suggests that, in the long run, growth is more likely to be sustainable if there is greater equity in opportunities for all segments of the population to participate in the process of generating economic growth and sharing in its benefits in a more equitable manner. In this sense, greater equity is complementary to sustainable economic growth and development. As a result, a development strategy which is based on the concept of growth with equity will be associated with the virtuous cycle that occurs when both economic growth and human development increase in a mutually reinforcing manner. A judgment of what is fair to ensure a stable society is therefore implied in equity. Achieving this virtuous cycle has an important implication for policy and its sequencing; in other words, it is unlikely for a country to reach the "promised land" of mutual reinforcement between economic growth and improvement in human development from an asymmetric position favouring growth as a temporal priority. Where growth-with-equity works, growth-and-then-equity may not. Hence, government policies should support rapid and sustained economic growth that is broad-based across sectors and regions and inclusive of the economically active poor.

Pro-Poor Growth

When a development strategy derives from the growth-with-equity concept, it does not necessarily mean that income is dethroned. But it does mean that income is viewed primarily as an essential means to the achievement of societal ends rather than as an end in itself. In fact, a distinguishing feature of such a strategy is its focus on the distribution of income because a society that is more equitable is one which avoids large gaps between the rich and poor.

The concern with distribution has had a long life in development theorizing, starting with a primary focus on the private income component. In the 1950s, Kuznets ignited the debate on the possibility that income growth might have to be achieved at the expense of increased income equality, at least in the early stages of development. If this was true, a growth-equity trade-off would be established and, hence, growth with equity would be impossible. Subsequent empirical research broadly confirms that while many countries seem to experience some deterioration in income distribution during rapid growth, this is by no means an unchangeable destiny. Some countries have actually combined rapid growth with reduced income inequality when attention is paid to the distribution of both private and public income.

A more general understanding of this issue has been facilitated by Dollar and Kraay in a report published in March 2000 entitled, "Growth Is Good for the Poor". This report, which marked a turning point in the theoretical approach of the concept of pro-poor growth, argues that "when average incomes rise, the average incomes of the poorest fifth of the society rise proportionally. This holds across regions, periods, income levels, and growth rates". This led to empirical evidence that it is extremely difficult, if not impossible, to achieve long-term poverty reduction objectives without economic growth. Nevertheless, since Ravallion and Chen (2001), Bourguignon (2005) and Rodriguez (2008a), there has been a shift in the theoretical approach revealing considerable variation in the rate at which countries could convert economic growth into poverty reduction, making it clear that growth alone cannot be counted on to achieve sustainable poverty and inequality reduction goals.

Current thoughts on growth and equity show that it is extremely difficult, if not impossible, to achieve long-term poverty reduction objectives without economic growth. It is also clear that growth alone cannot be counted on to achieve sustainable poverty and inequality reduction.

The growth process that is most effective for raising the consumption of the poor is referred to as "pro-poor" or "shared" growth. In particular, the concept of pro-poor growth captures the extent to which economic growth leads to an increased welfare for the less well-off in a society, where this group refers to those who fall below the specified poverty line for income or consumption. The most common measure of poverty is the head count index, i.e., the estimated proportion of the relevant population living in households with consumption or income below the predetermined poverty line.

The concept of pro-poor growth posits a relationship between economic growth and poverty. In general, economic growth increases income which, on average, benefits the poor. Because growth can be distribution neutral, on average, the poverty index or rate tends to fall as economic growth raises income. Thus, there can be a significant negative correlation between growth and poverty reduction;

which implies that the growth elasticity of poverty is always negative.

Human Development and Progressive Growth

While the pro-poor growth offers significant insights into an understanding of the complexities of the growth-poverty-inequality nexus, it does not necessarily capture the full implications of the relationships involved; nor does it provide a full motivation for the specifics of the development strategies required. In order to capture these key elements, one must revert back to the concept of human development which provides a more comprehensive analytical framework.

Current thinking suggests that the purpose of development is to widen and deepen the range of choices and opportunities open to people. In this context, what the development process does is, essentially, to create the environment in which all people in a society can expand the capabilities needed to take advantage of the increasing opportunities that become available. Based on this, sustainable human development implies a development process that not only generates economic growth but distributes its benefits equitably, protects the opportunities of present generations without destroying those of future generations, and preserves the natural systems on which all life depends. In other words, sustainable human development offers an alternative to the view of development which focuses exclusively on economic growth and the needs of the current generation.

Sustainable human development implies a development process that not only generates economic growth but distributes its benefits equitably, protects the opportunities of present generations without destroying those of future generations, and preserves the natural systems on which all life depends.

The issue of inequality is a fundamental one in the context of sustainable human development because it has a direct and significant bearing on human capacities; i.e., what people can be and what they can do both in the present and the future. In particular, extreme inequality is bad for growth, as well as poverty reduction and social cohesion which, in turn, have a negative feedback on growth. In the presence of such inequality, poor people are denied the opportunity to contribute to growth. This not only tends to perpetuate poverty but also restricts the development of investment and corresponding market and growth opportunities for the rest of society.

Analytically, reduced inequality can improve growth through two mechanisms, one static and the other dynamic. With respect to the static effect, it is well established that at any given growth rate, the larger the share of any incremental income that is captured by the poor, the higher the ratio of poverty reduction to growth (i.e., poverty elasticity of growth). It means that the efficiency of economic growth in reducing poverty tends to increase as inequality is reduced. The dynamic effect kicks in when changes in distribution affect the rate of economic growth. It is well established that extreme inequality can act as a brake on growth. For example, limited access to productive assets restricts the ability of poor people to borrow and invest which, in turn, diminishes economic growth. As inequality is reduced, however, this is reversed and growth is enhanced.

The pro-poor growth approach focuses on the conversion of economic growth into poverty reduction, and argues that redistribution is key in this process. Hence, it places both growth and equity at the centre of the policy agenda for poverty reduction. The challenge for a growth-with-equity development strategy then is not just to design and implement policies for accelerating economic growth, but also to ensure that the poor contribute to the growth process through increased output and rising productivity, and capture a higher share of the resulting incremental growth than before.

Growth, Poverty and Inequality

The relationship between economic growth and poverty reduction is, in fact, more complex than what is described above, largely because inequality acts as an intervening variable in the relationship. In particular, the relationship between economic growth and poverty reduction is influenced by the level and dynamics of inequality. To express this in another way, poverty reduction depends on both economic growth and inequality; and this relationship is such that while economic growth helps poverty reduction, inequality harms it. In effect, the absence of one-to-one correlation between growth and poverty reduction is accounted for by the intervening influence of inequality and its determinants as well as those factors through which growth can positively impact on poverty, such as employment.

A three-part decomposition of changes in poverty over time helps to simplify the complex relationship embedded in the poverty-growth-inequality nexus. This shows that a change in poverty contains elements that are derived from the rate of economic growth, the response of poverty to that growth, and change in income distribution (or inequality). Current consensus is that the bulk of the variation across countries in the rate of poverty reduction is attributable to variations in overall economic growth as well as the structure and quality of that growth. The three-part decomposition of changes in poverty also maps neatly into the concept of pro-poor growth. Thus, the three potential sources of pro-poor growth include a high rate of growth of average income, a high responsiveness of poverty to growth in average income, and a poverty-reducing pattern of growth in relative income. In general, for a given poverty line the smaller the inequality the more economic growth reduces poverty; and the higher the average income the more economic growth reduces poverty. For a given level of inequality, the higher the average income, the higher the responsiveness of poverty to economic growth. For a given average income, the higher the level of inequality the less responsive is poverty to economic growth.

Progressive growth approach focuses on the conversion of economic growth into poverty reduction, and argues that redistribution is key in this process. Hence, it places both growth and equity at the centre of the policy agenda for poverty reduction.

In aggregate terms, empirical evidence suggests that national economic policy packages aimed at promoting economic efficiency and improved resource allocation have yielded positive results in terms of enhanced economic growth which has, in turn, generated significant poverty alleviation in many parts of the developing world. Thus, between 1990 and 2004, the developing countries achieved a 39.2 per cent reduction in the percentage of their population below US$1 (PPP) per day. This significant average gain was, however, not evenly distributed across the developing world. The largest reductions over this period were achieved by Eastern Asia (67.3 per cent). By comparison, Southern Asia achieved a reduction of 28.2 per cent, while the corresponding reduction rate for Latin America and the Caribbean was 22.2 per

The challenge for a growth-with-equity development strategy then is not just to design and implement policies for accelerating economic growth, but also to ensure that the poor contribute to the growth process, through increased output and rising productivity, and capture a higher share of the resulting incremental growth than before.

Institutional reforms, policy initiatives and investment actions that promote broad-based economic growth should be central to the pro-poor growth strategy and agenda.

cent. Sub-Saharan Africa which had the highest level of poverty in 1990 (46.8 per cent) merely managed to reduce it to 41.1 per cent in 2004, having achieved the lowest rate of reduction (12.2 per cent) over the period. This is a clear indication that poverty did not respond appreciably to economic growth.

Empirical evidence also shows that inequality (measured by Gini coefficient) remained high and even increased in much of the developing world over the 1970-2000 period. Africa experienced one of the highest levels of inequality which rose from 0.649 in 1970 to 0.668 in 2000; while Latin America and the Caribbean followed with a Gini coefficient of 0.561 in 1970 and 0.572 in 2000. The corresponding figures for East Asia rose from 0.444 (1970) to 0.520 (2000). In the case of South Asia, however, the rate actually fell from 0.380 in 1970 to 0.334 in 2000. Taken together, the empirical evidence on the links between growth, poverty and inequality suggests that while growth may reduce poverty, it may not necessarily lower inequality and that growth may be associated with a worsening of income distribution before improving it since its effect depends on a country's initial income level and sources of growth. Ultimately, therefore, the inter-relationships in the growth-poverty-inequality nexus are likely to be country and situation specific. In other words, both the poverty-reducing and inequality effects of economic growth will, to a large extent, depend on country characteristics (such as resource endowments and initial levels of poverty and inequality) as well as its development strategy and policies.

Sustainable human development intrinsically implies several policy actions. These include investing to build up human capabilities, empowering all persons to participate in the growth process, as well as ensuring that the resulting wealth creation is widely and fairly distributed. These policy actions are generally aimed at achieving the primary objective of sustainable human development, i.e., to ensure an improved and enduring livelihood for all. Complementary to building up people's capabilities (through investment in education, skills and health) and empowering them to participate in economic activities is the need to generate productive employment opportunities through development strategies that combine economic growth with more job opportunities. While this should contribute to the reduction of poverty and inequality (and thus ensure that the benefits of economic growth are more widely and fairly distributed), there will still be need for providing social safety nets for people who, for one reason or another, have unequal access to the available opportunities.

The empirical regularities established with respect to the relationships characterizing the growth-poverty-inequality triangle suggest a number of additional policy implications. To begin with, since economic growth accounts for much of poverty reduction in the medium to long run, it is clear that when poverty reduction is a major objective of development, economic growth must be regarded as one of the key instruments. Hence, institutional reforms, policy initiatives and investment actions that promote broad-based economic growth should be central to the pro-poor growth strategy and agenda. It must be recognized, however, that while growth is necessary for

Poverty reduction, it is by no means sufficient. The quality, structure and sectoral pattern of growth, in terms of inequality of income, differential sectoral and rural-urban productivities, as well as inequality of access to essential public goods and services are also important in influencing the responsiveness of poverty to economic growth. For instance, inequalities in access to infrastructure and social services make it especially difficult for the poor to take effective advantage of the opportunities provided by aggregate economic growth. In general, therefore, comprehensive strategies for pro-poor growth should be designed on the basis of a careful and in-depth analysis of the factors that limit the participation of the poor in activities that generate economic growth in specific circumstances. Such a study may reveal peculiar features, such as marked concentration of the poor in specific regions or sectors, significant imbalances in the growth process in the past, and the resulting phenomena of widening regional disparities, as well as increasing rural-urban and gender differences. These features would then form the basis for well-designed and appropriately targeted public actions aimed at raising productivity in the relevant sectors by addressing market failures and infrastructural deficiencies as a means of increasing access of the poor to productive assets, as well as implementing social protection policies.

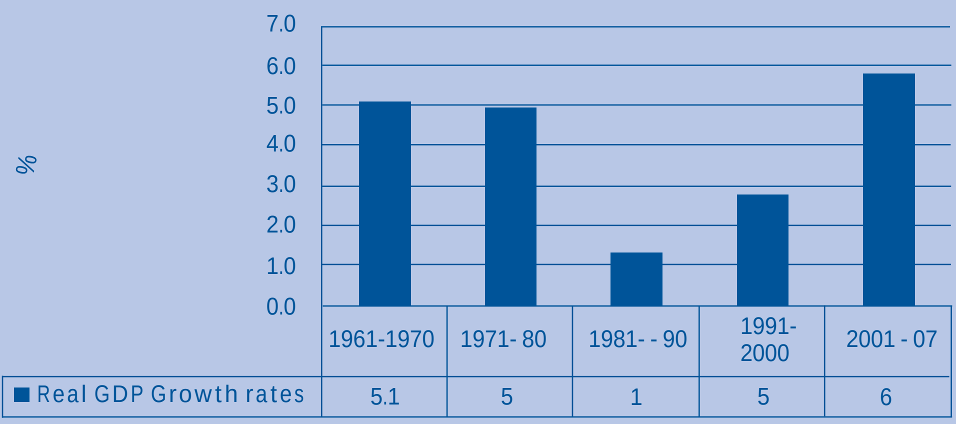
Nigeria's Growth Strategies, Outcomes and Implications

Since independence in 1960, the overarching goal of Nigeria's economic development has been to achieve stability, material prosperity, peace and social progress. But a variety of internal problems have persisted in slowing down the country's attainment of these growth and development objectives. These include inadequate human development, primitive agricultural practices, weak infrastructure, uninspiring growth of the manufacturing sector, a poor policy and regulatory environment and mis-management and misuse of resources. To ensure the economy delivers on its potentials, the country experimented with two development philosophies – a private sector-led growth in which the private sector served as the "engine house" of the economy and a public sector-driven growth in which the government assumed the "commanding heights" of the economy. The initial low level of private sector development, however, led to public sector dominance of the economy, encouraged by rapid growth in the oil sector.

Growth performance has improved significantly since the return to civilian rule in 1999. The last seven years witnessed an average growth rate of about 6 per cent. However, economic growth has not resulted in appreciable decline in unemployment and poverty prevalence. This situation is attributable to a variety of factors that have persisted as important policy challenges. Human development has remained unimpressive in Nigeria, as shown by the indicators in Table 0.1. Nigeria's performance does not compare favourably to levels achieved in many other developing countries.

Comprehensive strategies for pro-poor growth should be designed on the basis of a careful and in-depth analysis of the factors that limit the participation of the poor in activities that generate economic growth in specific circumstances.

Figure 0.1: Real GDP Growth Rates, 1961-2007



Source: CBN Statistical Bulletin: Volume 18, December 2007 and National Bureau of Statistics, National Accounts 1981-2008.

Table 0.1: Nigeria's Human Development Summary Statistics by Zones, 2008.

Zones	Human Development Index (HDI Value)	Human Poverty Index (HPI)	Gender Development Measure (GDM)	Gender Empowerment Measure (GEM)	Inequality Measure (INQ)
North Central	0.490	34.65	0.478	0.244	0.49
North West	0.420	44.15	0.376	0.117	0.44
North East	0.332	48.90	0.250	0.118	0.42
South West	0.523	21.50	0.507	0.285	0.48
South East	0.471	26.07	0.455	0.315	0.38
South South	0.573	26.61	0.575	0.251	0.41

Source: NBS & NHDR Team 2008-2009

The structure of production and nature of growth account in part for the limited response of poverty and human development to improve growth performance

Some of the factors responsible for the low response of poverty and human development generally to economic growth may be found in the structure of production and nature of growth. Nigeria's top two primary products, agriculture and oil, continue to dominate both sectoral contributions to GDP and, in the latter case, exports. Agriculture continues to account for more than 50 per cent of employment while the oil sector accounts for over 95 per cent of foreign exchange earnings and 80 per cent of government revenue. The declining share of agriculture in GDP in the mid and early 1970s has been reversed since 1999: agriculture's share of GDP rose from 30 per cent in 1981 to about 36 per cent in 2000 and 42 per cent in 2007. The share of oil in GDP also rose during the period to about 24 per cent in 2007. The two sectors therefore account for more than 60 per cent of GDP. In contrast to the relative performance of agriculture, the manufacturing sector has been relatively stagnant and losing its share of GDP from 6 per cent in 1985 to a range of between 4 and 5 per cent during 1990-2007. More crucially, structural transformation, as measured by increasing value-added production and shifts in employment from primary to secondary/tertiary sectors, has continued to elude the economy. Growth has occurred more rapidly in recent years in the non-oil sector, and importantly in agriculture, which is largely primary production. Value addition has been quite limited, and so has been the employment effect. Overlaid by sustained high inequality, Nigeria's overall economic growth improvements has translated to little or insignificant improvements in the welfare of the poorer segments of the population.

The 7-Point Agenda of the Yar A'dua administration is built on a new beginning. For effective outcomes, the Agenda has set new priorities to build on the foundation laid by the preceding administration. These priority areas are power and energy, food security and agriculture, wealth creation and employment, mass transportation, land reform, security, and qualitative and functional education. Also covered are issues relating to the Niger Delta area and other disadvantaged groups. Although sustaining and improving upon the recent expansion in economic activity is important, strengthening both forward and backward linkages among the sectors remains a key policy concern, and an imperative for pro-poor growth and poverty reduction through increased employment and income generation.

Inequality

Between 1985 and 2004, inequality in Nigeria worsened from 0.43 to 0.49, placing the country among those with the highest inequality levels in the world. Many studies have shown that despite its vast resources, Nigeria ranks among the most unequal countries in the world. The poverty problem in the country is partly a feature of high inequality which manifests in highly unequal income distribution and differential access to basic infrastructure, education, training and job opportunities. Sustained high overall inequality reflects widening income gap and access to economic and social opportunities between genders; growing inequality between and within rural and urban populations; and widening gaps between the federating units' economies.

Inequality between genders stands out as a key policy challenge. The female gender is generally disadvantaged in access to education and employment, agricultural wage and access to land, among other things. Gender inequality is fuelled by many factors, including socio-cultural practices, low economic status, patriarchy and low education. Conditions that prevent the girl-child from receiving early education or that totally undermine her right to education are still prevalent in Nigeria. These conditions include early marriage and the vulnerability of the girl-child to menial jobs as a coping mechanism among poor households. Evidence abounds that gender inequality affects growth and perpetuates poverty among the disadvantaged groups. Clearly, inequality hurts the economy and women and girls in particular.

High inequality points to corruption, the absence or failure of redistribution

The 7-Point Agenda is built on a new beginning focusing on energy, food security, wealth creation, human development, security and resolution of the Niger Delta

Inequality between genders stands out as a key policy challenge. The female gender is generally disadvantaged in access to education and employment, as well as in agricultural wage and access to land, among other things.

Concern about inequality is strong in Nigeria, and has prompted a variety of past and ongoing re-distribution programmes woven around poverty reduction and women's empowerment, but improvements have been slow in coming.

policies, significant institutional short-comings in the provision of basic services as well as many years of mismanagement of public resources, among many other causes. Concern about inequality is strong in Nigeria, and has prompted a variety of past and ongoing re-distribution programmes woven around poverty reduction and women's empowerment, but improvements have been slow in coming. Recent measures and interventions like MDG-related spending, which has increased following the addition of resources from debt relief savings, expanded direct poverty reduction interventions by the federal and state governments as well as not-for-profit organizations and donors; nevertheless they have not significantly reduced the prevalence of poverty and inequality.

Poverty

In Nigeria, changes in poverty and inequality move in the same direction; economic growth and poverty move in opposite directions; and inequality and growth are positively correlated.

The number of poor people in Nigeria remains high. The total poverty head count rose from 27.2 per cent in 1980 to 65.6 per cent in 1996, an annual average increase of 8.83 per cent in the 16-year period. However, between 1996 and 2004, total poverty head count declined by an annual average of 2.1 per cent to 54.4 per cent. Over the same period, the percentage of population in the core poor category rose from 6.2 to 29.3 per cent before declining to 22.0 per cent in 2004. The fact that over 50 per cent of the total population is officially poor should be of major concern to policy makers. Efforts aimed at reducing poverty in Nigeria are also of great regional importance given the relative size of the country's population. Although the overarching impact of some of the more recent interventions on the poverty situation cannot be objectively assessed beyond the results of the NLSS 2004 due to data limitations, however, evidence from other national surveys tend to show some marginal improvement. For instance, the proportion of underweight children (a significant target under the MDG 1 on poverty and hunger) fell from 30.0 per cent in 2004 to 25 per cent in 2007 and 23.1 per cent in 2008. According to the 2008 NDHS, a significant improvement was also recorded in infant and under-five mortality rates. While the infant mortality rate declined from 110 deaths per 1,000 live births in 2005 to 75 in 2008, under-five mortality rate fell from 197 per 1,000 live births to 157 per 1,000 live births during the same period. The 2007/8 human poverty index was estimated to be 32.3 per cent.

Key correlates of poverty in Nigeria include education, occupation, age, gender and household size. Table 0.2 shows the key determinants of poverty.

Relationship between Growth, Poverty and Inequality and Implications

Three key relationships emerged from the analysis of data on Nigeria. First, changes in poverty and inequality move in the same direction, suggesting that as inequality deepened, the poverty situation deteriorated further; second, economic growth and poverty move in opposite directions, implying that as growth improves, poverty incidence reduces; and third, inequality and growth are positively correlated, i.e., they move in the same direction.

Positive correlation between growth and inequality potentially suggests that some kind of trade-off has to be accepted. To reduce poverty, the situation suggests, would entail choosing between promoting

Table 0.2: Determinants of Poverty in Nigeria

Independent variable	Sign of variable	Significance
Age	+	Significant
Primary School Education	+	Significant
Secondary School Education	+	Significant
Tertiary School Education	+	Significant
Household Size	-	Significant
Household Size Squared	+	Significant
Rural	-	Significant
Unemployed	+	Significant
Paid employee	+	Significant
Self-employee	+	Significant
Unpaid worker	-	Significant

Source: Computation based on National Living Standards Survey 2004 and 2008/9 Human Development Report Team (NBS).

growth and accepting higher inequality as a consequence or focusing on reducing inequality at the expense of growth. This would be a poor choice as neither can permanently lead to poverty reduction on a sustainable basis without the other. The situation is a reflection of institutional fragility and some fundamental weaknesses in the management of resources and governance (both economic and political). These weaknesses inhibit the effectiveness of distributional policies and mechanisms while promoting rent-seeking behaviours and corruption. To achieve both growth and inequality reduction simultaneously, economic policies must be complemented by social and governance reforms aimed at removing these weaknesses.

From 2000 to 2007, the employment growth rate failed to keep pace with expansion in economic activity in the key sectors and overall. In the manufacturing sector, employment growth rates were lower than the sector growth rates, except in 2001 and 2003. In agriculture, it was only in 2002 that employment recorded higher growth than the sector growth rate. Overall output grew faster than employment in all the years. This, in addition to low poverty elasticity of growth, largely explains the coexistence of high poverty incidence in spite of the relatively high growth rates recorded during the period.

These developments and challenges suggest that the task of achieving growth, poverty reduction and equity needs to be viewed in broader terms, including the following:

- First, the challenge of making the growth process more pro-poor suggests the need to focus on ways of increasing opportunities for the poor to participate more fully in the growth process not just by increasing

To achieve both growth and inequality reduction simultaneously, economic policies must be complemented by social and governance reforms aimed at removing these weaknesses.

agricultural incomes but also through off-farm employment.

- Second, greater dispersion of the poor suggests there may be a case for rebalancing the focus of poverty reduction efforts from poor areas to poor people.
- Third, the rapid increase in inequality between as well as within rural and urban areas suggests that fostering equity cannot be delinked from the overall poverty reduction agenda.

The changes and trends described above have not gone unnoticed in government circles. Indeed, a number of recent policies indicate an increasing commitment of the government to a broader poverty reduction, social protection, and human development agenda. Substantial policy development and implementation is, thus, already evident along the lines of what could be considered a broader poverty reduction agenda. It will be important to maintain the momentum of these initiatives and deepen their impact in the future. However, many challenges remain, and this report's assessment of both the evolving poverty situation and key programmes and policies suggests a number of priorities for further action.

Policies to Achieve Growth and Equity

1. Create an environment for high levels of investment and growth

Economic growth remains a critical factor in improving people's welfare in Nigeria. Currently, the country is pursuing a vision of becoming one of the 20 largest economies in the world by 2020, and so the need to quicken growth beyond the current 6 per cent average is not debatable. It is estimated that Nigeria would require overall growth of above 10 per cent on a consistent basis to attain this vision. What is more urgent and important, however, is that sustainable human development would require that growth becomes increasingly pro-poor going forward.

To become one of the 20 largest economies by the year 2020, Nigeria requires overall growth of above 10 per cent on a consistent basis. Moreover, growth must become increasingly pro-poor going forward, and renewed efforts should be made to create an environment for high levels of investment.

To build a solid foundation for sustained high growth, it is important to create an environment for high levels of investment. Although both savings and investment have historically been low relative to more rapidly growing economies, there is evidence that the savings rate has improved significantly in recent years. It is thus neither a binding constraint on investment nor the main factor in Nigeria's low growth record. Rather, the capacity of the economy to translate improvements in savings to high quality investment appears to be constrained by institutional factors that manifest in weak financial intermediation, high interest rates, dearth of long-term investment finance and the hostile investment environment, including the high cost of doing business. The recent reforms in the finance industry were intended to address these constraints. There are nevertheless subsisting concerns which policy must address urgently. The most urgent, it appears, is poor funding of domestic real sector activities. Strengthening regulatory oversight on the financial sector can be quite helpful in this regard. In addition, policy has to seek to resolve key post-consolidation challenges in the financial sector and free resources for needed investment in the real economy. The need to support a well targeted entrepreneurial development programme and venture capital is also imperative.

The immediate focus of the government's growth strategy should be on reforms and investments that will improve investment returns and efficiency, particularly improving power supply and enhancing access to efficient infrastructure. Next, policy makers need to institute reforms that will increase the ability of firms to appropriate returns to investment. Principal among the required reform is the need to ensure macroeconomic stability and improve the institutions and regulations to guide investment behaviour. Furthermore, enhancing access to capital, especially term finance, is important to facilitate effective intermediation of Nigeria's vast resources in support of non-oil sector growth. However, Nigeria requires significant improvement in the quality of human capital to successfully change the composition of economic activities towards higher productivity areas and integrate the economy more fully into the global market. In recognition of these, the present administration has announced and commenced implementation of a 7-Point Agenda at the federal level. Because of its spread and, particularly the focus on food security, energy, physical infrastructure, and the resolution of the Niger Delta crisis, the agenda holds promise for ensuring pro-poor growth if properly implemented. This effort, however, needs to be complemented by similar initiatives by the lower tiers of government for maximum effect.

1.1 Improve access and quality of physical infrastructure

Efficient economic infrastructure is central to raising productivity and increasing growth in Nigeria. Much of the public infrastructure in the country is old, dating back to the 1970s and 1980s. However, low investment in the rehabilitation and maintenance of existing infrastructure, inadequate infrastructural spending and poor quality of infrastructural expenditure have resulted in low levels of access, inefficiency of available infrastructure and high costs. At the moment, Nigeria ranks poorly on several indicators of infrastructural access, cost and quality.

In the case of roads, additions to the network of roads have been very small while about 50 per cent of Nigeria's federal roads are in poor condition. Movement of heavy-duty vehicles on the roads has resulted in serious damage to road surfaces and huge expenditure requirements for maintenance or reconstruction. Concerning energy, the installed power generation capacity is 6,000 mw while the available energy output hovers around 3,000 mw, and sometimes very much less. These are well below the actual demand for power in the country which is conservatively estimated at above 10,000 mw. Apart from these, transmission and distribution networks are in poor state, leading to significant energy and financial losses over time.

Regarding railways, the infrastructure is dilapidated and serviceable locomotives and rolling stock are lacking. Indeed, only about 5 per cent of freight is handled by the railways. Except for new initiatives in a few states, the Nigerian Railways Corporation is virtually bankrupt. Similarly, port services in Nigeria rank among the costliest and most inefficient in the world. This is evident in high waiting times, low handling speeds and high container "dwell" times. Owing to these inefficiencies, shipping costs have risen significantly. While Lagos Port's entry

Because of its spread and particularly the focus on food security, energy, physical infrastructure, and the resolution of the Niger Delta crisis, the 7-point Agenda holds enormous promise for ensuring pro-poor growth if properly implemented. This effort, however, needs to be complemented by similar initiatives by the lower tiers of government for maximum effect.

The Infrastructural gap in country imposes significant extra costs on business and reduces competitiveness. Prioritizing the development of critical infrastructure is a major step in the right direction and needs to be given a push by increased PPP arrangements and effective monitoring mechanisms.

charges are the highest in the region, customs clearance and freight forwarding costs are also generally very high with average delays of 21 days considered normal.

Undoubtedly, this infrastructural gap imposes significant extra costs on businesses and reduces their competitiveness in an increasingly global market. Under the current reform programme, the government is moving from being an exclusive provider of infrastructure to being a provider and facilitator of infrastructure in partnership with the private sector. Additional measures necessary to tackle the infrastructural challenge include the following:

- Strengthening the provision of rural infrastructure by enhancing road planning and implementation capacity in the states and local governments
- Increasing public investment in rural infrastructure – rural road projects, electrification, irrigation, and information and communication technology
- Engendering seamless infrastructural linkage between rural and urban areas of Nigeria through effective implementation of the National Policy on Rural Travel and Transport
- Ensuring standardized and transparent approach in public-private partnerships to attract bidders, stimulate competition, lower prices and reduce government cost share
- Strengthening mid-term investment strategies for all infrastructural sectors to ensure transparent project selection criteria, proper costing and inclusion of clear performance indicators.
- Establishing a Road Fund for periodic and routine maintenance of roads
- Building and publishing a database of key performance indicators for each concession arrangement to stimulate performance improvements.

1.2 Maintain spending efficiency

It is necessary to place greater emphasis on the efficiency of public investment spending in order to realize increased outputs and quality services with fewer resources. To this end, the following measures deserve serious consideration:

- Stronger transparency and accountability arrangements in the use of public funds to improve cost efficiency in the system built around follow-through on fiscal responsibility and public procurement reform
- Improved quality of project planning and implementation
- Improved government capital project portfolio by focusing on fewer, well-funded and adequately executed priority projects that target poverty and inequality reduction
- Restructured public service delivery to focus on basic services which meet the needs of the majority of the people, especially the poor.

1.3 Maintain macroeconomic stability

To promote macroeconomic stability, it is important to raise agricultural productivity, ensure coordination of monetary and fiscal policies as well as promote vertical and horizontal cooperation on development programmes.

No economy can flourish in the midst of macroeconomic instability. This is because large fluctuations in the price level, the exchange rate, the interest rate, or the tax burden serve as a major deterrent to private investment, the proximate driver of growth. In recognition of this, efforts were made to tackle the main source of macroeconomic instability in the economy through the oil price based fiscal rule. These were largely successful until recently when the effects of the global economic crisis became manifest in Nigeria. The following suggestions are made to sustain macroeconomic stability in Nigeria:

- Design and establish a more formal framework such as Sovereign Wealth Fund for the management of oil savings currently held in the Excess Crude Account at the Central Bank of Nigeria. Proper governance of such a fund with clear rules to guide investment and withdrawal is required. The fund will increase public savings, help insulate the economy from shocks and smoothen the effects of the business cycle.
- Ensure fiscal and monetary policy coordination for macroeconomic stability. Essentially, monetary and fiscal policies need to target long-term macro-stability rather than quick wins that take the focus off the path to sustainable development. Single digit inflation need not be a priority in the short term. It is important to decide what level of inflation, interest rate and exchange rate adjustments are tolerable in the short term as a compromise for sustaining high growth. In the long term, low and stable inflation may be achieved with growth and poverty reduction.
- Raise agricultural production and stabilize the exchange rate. In 2008, high food prices contributed significantly to the rising inflation which has exacerbated poverty. Since late 2008, when the exchange rate depreciated sharply, inflation has worsened further. Measures to raise agricultural productivity and stabilize the exchange rate will be in the right direction for achieving growth with equity.
- Achieve vertical coordination and cooperation in government. The achievement and sustenance of macroeconomic stability also require vertical cooperation among the three tiers of government in fiscal matters, not only in spending but also in resolving multiple taxation issues among the three tiers of government and abolishing illegal taxes

Efforts aimed at strengthening institutions should embody popular participation and inter-agency coordination to deliver results.

1.4 Entrench government reform and improve governance capacity

Nigeria has made significant governance reforms in the last decade. Nevertheless, government needs to entrench its reform achievements to enhance their irreversibility. This can be done through the following:

- Building institutions and processes in support of the reforms
- Introducing legislation to reinforce policy changes
- Making information on government policy and performance routinely available
- Facilitating the creation of new and well-informed coalitions of interest groups in support of the reforms
- Replicating efforts aimed at strengthening institutional and organizational capacities at the federal, state and local government levels
- Promoting broad-based institutional ownership of reforms.

Going forward, there is a need to cut administrative costs and improve administrative efficiency. Related to this is the need to deepen the reform of the public finance system by strengthening the Budget Office of the Federation's supervision of budget preparation and implementation procedures and also to institutionalize effective monitoring and evaluation of development programmes.

1.5 Strengthen institutional arrangements to promote participation and improve coordination

Experience in other countries suggests that local communities can play an important role in ensuring the effective implementation and targeting of poverty alleviation efforts, and making programmes responsive to the needs of the poor. It is important for government to recognize and protect citizens' right to actively participate in the project selection process, especially poorer households. Greater access to appropriate channels through which the poor can express their opinions would promote their participation in public affairs. Also, stimulating the participation of the media and civil society, for instance, could promote reforms of the budget system and ensure effective budget monitoring and implementation.

Furthermore, it is necessary to better manage relations between the government and civil society organizations. After many years of reform, there is need for a framework to manage the interactions between the government, market agents and civil society organizations. Procedural laws seem not to have clarified the status and functions of civil society organizations in public service delivery. Over time, increased civic and non-state participation in public service systems will help transform government functions by encouraging scrutiny of their services and greater openness to feedback on performance.

Another major challenge is one of inter-agency coordination. A central theme of this report has been that Nigeria's current poverty reduction agenda is not limited to just targeted poverty alleviation programmes, but also includes pro-poor interventions across a wide range of areas covering education, health, agriculture, social assistance and social insurance. This broad spectrum of poverty reduction efforts raises the enormous challenge of institutional coordination across different agencies that are responsible for their implementation. However, as in the past, coordination among government agencies has proved difficult because each agency has its own priorities and is reluctant to relinquish control over resources. The lack of effective coordination limits the overall effectiveness of poverty reduction initiatives.

1.6 Improve the rule of law and transparency

Corruption negatively influences the administration of justice and enforcement of laws. It contributes to the misallocation and mismanagement of scarce resources, increases costs and deters private investment and, thus, growth and poverty reduction. It is imperative, therefore, to:

- Strengthen and actively follow through on existing anti-corruption laws, mechanisms and institutions
- Create a more favourable legal environment through appropriate legislation and amendment of existing laws
- Strengthen law enforcement

- Increase transparency in the conduct of government business – transparency of government operations and sanctioning of corrupt officials.

1.7 Strengthen financial sector intermediation

A well-developed financial system can help an economy to grow by mobilizing savings, allocating funds to investment, and redistributing risks. However, if the financial system fails to reach large portions of the population, people will not be able to save. The same applies to other financial transactions like credit. Deprived of savings and bank loans, the poor often lack access to credit, which makes it harder for them to start a business or expand one. Indeed, as earlier noted, a large share of savings is not channelled into productive investments in Nigeria. Banks are generally very cautious in providing credit to the real sector and the poor. Weak financial intermediation capacity has hindered investment as firms especially SMEs have been forced to rely on expensive alternative private sources of finance. Major policy roles exist for government to provide an enabling lending environment. These include:

- Developing land property registries to enable banks to offer secured lending products and mortgage finance
- Formalizing property rights with supporting legal institutions to facilitate local investment and entrepreneurial activity, including the scaling-up of successful businesses
- Determining the extent to which the country's microfinance policy objectives have been achieved and the attendant constraints
- Enhancing the quality of regulation of the Nigerian capital market to guarantee its safe operation
- Providing greater access to credit and information to the poor. Credit opens markets to the poor and can make small farmers and artisans more economically viable by allowing them to enlarge their scale of production, to take more risks and take a longer-term view on their productive activities.

The poor and low income segments of the population are underserved with financial services; the micro-finance policy should be supported by effective surveillance and information dissemination to ensure its effectiveness.

2. Make Growth Pro-Poor and Inclusive

In spite of the economic growth recorded in recent years, progress in human development has been quite unimpressive in Nigeria considering various indicators such as poverty incidence, inequality and access to basic social services. As earlier noted, poverty incidence is still very high. The manifestation of disparities includes gender inequality in educational attainment with female primary and secondary school enrolment rates being consistently lower than the national average, and inequality in asset distribution such that 20 per cent of the population own 65 per cent of national assets. Additionally, there is unequal access to basic needs and social infrastructure by sector (urban and rural) and within sector (urban poor versus urban non-poor, and rural poor versus non poor). Growth in Nigeria, therefore, has to incorporate distributive features and a higher level of inclusiveness. The broad policy measures to make growth pro-poor in Nigeria include the following:

To implement an inclusive and pro-poor growth model, government needs to promote human capital development, provide social services, increase public spending, enhance access to education, provide safety nets for the vulnerable groups and step up investment in the rural areas.

2.1 Promote human capital development

Significant improvements in investment, institutional capacity and access to and quality of basic social services will contribute to higher growth and a reduction in inequality. In this regard, there is a particularly heavy burden of responsibility at state and local government levels to align resource allocation, expenditure and management with these priorities. The following measures are proposed for the way forward:

- Invest in people's education, health and nutrition as these create knowledge, broaden skills, and improve health. This is necessary for sustaining economic growth, raising living standards and enriching people's lives
- Focus public spending on essential social services of basic education and literacy, primary healthcare, reproductive health, nutrition and safe drinking water and sanitation, with a view to making social services pro-poor. In this respect, budget restructuring is indispensable to favour basic social services more and it is necessary to ensure that budget allocations are actually used for the purposes stipulated in the budget
- Increase public spending on social services and enhance access to basic education and primary health care by building on existing government policy (e.g., to provide free compulsory education for all, the country should enhance the access of all children, boys and girls, in urban and rural areas, in wealthier and poorer areas). With regard to education, in particular, government needs to:
  - monitor the quality of actual results like completion rates, testing results, and surveys of households on their satisfaction with the accessibility and quality of compulsory education services; strengthen the mid-day meal programme; and give scholarships to indigent students from underprivileged backgrounds.
- Public policy needs to go beyond building up people's capabilities by matching these capabilities with opportunities. This would significantly link the supply of human capital with the demand for it
- Provide vocational training centres to equip youths, in particular, for (self-) employment linked to real needs in the labour market
- Facilitate maintenance of community level projects (e.g., Through community development funds)

2.2 Provide safety nets for vulnerable groups

There are subgroups of the poor who are unable to take advantage of income earning opportunities or who may be adversely affected by policies. The groups include the unemployed, the physically challenged, the elderly, the ill, and women overburdened with reproduction and child care. The appropriate policy imperative here should be targeted transfers – safety nets such as cash transfers, fee waivers, school lunches, nutrition programmes for pregnant and nursing women, as well as children under 5 years, low-cost shelter and public works schemes. In recent years, the targeting and effectiveness of transfers have been the subject of much discussion to ensure that only the really poor benefit. This means that the beneficiaries must be correctly identified for the benefits not to leak to the non-poor. And to be successful, safety-net programmes have to be depoliticized, decentralized, and rooted in community-based initiatives and organizations. It is also important for government to generate and maintain a database on identified vulnerable groups.

2.3 Step up investment in rural areas

- ***Develop rural infrastructure***

Self-employment is capable of reducing inequality. From a growth and employment perspective, self-employment needs to be enhanced by scaling up the provision of physical (road network, electricity, water) and social infrastructure (education, skills, healthcare) in rural areas. As these are largely the responsibilities of state and local governments, reform of governance at these levels is indeed critical for rural development.

Agriculture still provides both formal and informal employment for a large majority of Nigerians. It offers greater opportunities for accelerating poverty reduction and achieving pro-poor growth through increased employment and income generation than other sectors, as well as higher forward linkages with manufacturing than the oil and gas sector. To increase agricultural output, government needs to:

- Accelerate agricultural growth through land augmenting technological progress
- Focus on scientific agriculture to improve productivity. Research results should reach farmers through more effective extension services
- Add value to raw agricultural produce through processing
- Diversify agriculture and complement crop production with adequate livestock production and fisheries to enhance access to, and competitiveness of, regional trade
- Increase credit availability to farmers and competitive returns on their investment

Focused support for agriculture and farm income is required through minimum price guarantees, promotion of commodity value chains and access to credit complemented by improved extension services, access to markets and development/upgrading of irrigation infrastructure for dry season farming.

- ***Promote opportunity by raising the returns to labour***

In both rural and urban areas of Nigeria, what households lack mostly are adequate returns on their main asset, which is their labour, and what they need is greater and more rewarding employment. Raising the returns on the labour of the rural poor and the urban disadvantaged is, therefore, critical to promoting their opportunities for increased incomes and improved livelihoods.

- ***Create employment in the rural economy***

In Nigeria, the potential for increasing employment in agriculture through technological change and agrarian reform is considerable. But this requires a rural-focused, employment-oriented development strategy. The basic objective of this strategy should be to create conditions for maximum labour absorption in the rural economy through several basic measures:

- Fostering linkages between agricultural and non-agricultural activities by increasing effective demand of agriculture for the products of non-agriculture enterprises, especially those located in the rural areas and increasing prospects for agro-processing in rural areas and urban centres

- Growing domestic demand for agricultural output rapidly. This can occur through accelerated growth in employment in the non-farm sector, facilitated, in turn, by the indirect effects of agricultural growth
- Building skills in rural areas for off-farm employment

Even as an emphasis on tackling rural poverty is entirely appropriate, it would however be imprudent to neglect the situation and problems of the relatively disadvantaged groups in urban areas. The need for a balanced development of both the urban and rural areas in any society cannot be overemphasized.

3. Achieve Effective Multi-Tier Cooperation

This report lays out an expansive agenda of policy actions and investments which can have a significant impact on Nigeria's human development indices over the medium term as long as there is persistent, focused, and determined leadership to make the difference. More importantly, the fact of federalism, marked by the overlapping of economic and political responsibilities among tiers of government, makes intergovernmental co-operation essential, if not inevitable, to achieve the goals of human development in a federation. In the Nigerian federation, the 36 states, the Federal Capital Territory as well as 774 local governments share about 45 per cent of consolidated revenue while the federal government controls the rest. However, the federal government has no statutory powers to control the sub-national governments for the purposes of macro stabilization. Apart from this, areas such as primary and secondary education, primary and secondary healthcare services, rural roads and infrastructure, water and sanitation and community services, with direct implications for human development, are assigned to these lower tiers of government in Nigeria. However, the federal government often provides services in most of the areas where the sub-national governments have responsibilities, thus resulting in conflicts, waste and inefficiencies the adoption of a cooperative approach to governance is, therefore, essential. Towards this end, strengthening of institutional coordination across the three tiers of government, particularly the national councils on planning and the sectoral councils, should be given strong emphasis. Progress on these fronts will enable a pattern of accelerated growth of an inclusive kind in the country.

To accelerate human development given the overlapping economic and political responsibilities among tiers of government, there is need for a much stronger and effective multi-tier cooperation.

Organization of the Main Report

The rest of this Report explores the issues summarized above. Thus, **Chapter 1** addresses issues relating to Nigeria's growth experience and its implications for poverty and inequality. The chapter reviews past and current economic growth experience by identifying and discussing key dimensions and principal drivers and strategies. A key conclusion of the chapter is that human development has not kept pace with improvements in growth, a situation that is partly due to the absence of structural transformation

Chapter 2 focuses on inequality in

Nigeria (distribution over space of the various indicators of inequality as well as changes), and implications for growth. The chapter emphasizes that gender inequality has remained a key inhibitor of growth, making it a major development challenge.

Chapter 3 focuses on poverty, paying particular attention to its evolution, profile and dimensions. The chapter identifies some very important correlates of poverty connected to age, education, size of household, sector and gender. A quantitative analysis is undertaken to reinforce conclusions on the determinants of poverty and policy implications.

Chapter 4 examines the extent to and manner in which poverty and inequality are related to the magnitude, speed and character of aggregate growth in the country. It explores, in particular, the extent to which growth may have been inhibited by inequality; and whether the poverty-reducing impact of economic growth has been or is being constrained by inequality. This chapter synthesizes the issues raised in Chapters 1, 2 and 3.

Chapter 5 analyses the human situation in Nigeria by presenting outcomes of analysis on economic activities and income profile across states and zones and how much these have been transformed into improved human development. The chapter profiles the size of economic activity and associated income across the 36 states, the FCT and six geo-political zones. It then compares the degree of human development across states and zones using a number of measures. The examination of the nature of the relationship among the various indicators of development analysed across states and zones is crystallized into key policy issues to conclude the chapter.

In **Chapter 6**, the focus of the Report shifts to an analysis of the impact of institutions and policy on growth, poverty and inequality. The chapter takes off from the premise that certain institutional arrangements and policy interventions may have played key roles in shaping Nigeria's growth experience and associated poverty and inequality profiles. It, therefore, begins to analyse the links between governance, growth, poverty and inequality, paying particular attention to the constitutionally mandated hierarchy of economic policy making powers and intergovernmental cooperation in policy making, as well as the implication of these for policy execution at each level of government.

Finally, **Chapter 7** articulates the main conclusions of the report and development strategies for achieving growth with equity in Nigeria. It specifies a set of institutional, policy and investment actions for achieving growth with equity in the country. The institutional aspects span three broad areas: reform of the process and machinery of economic governance to deliver better results, the strengthening of capacity for economic governance, and conflict resolution. The chapter further specifies key policies, instruments and actions for promoting the growth-with-equity objective with particular attention to the promotion of sustainable and pro-poor growth.

1

Nigeria's Growth Experience: Process, Strategies and Implications

Now, at the threshold of the golden jubilee of Nigeria's political independence, the country surely has a scorecard; but it is still an unimpressive one relative to its contemporaries in the 1970s

1. Nigeria's Growth Experience: Process, Strategies and Implications

1.1. Introduction

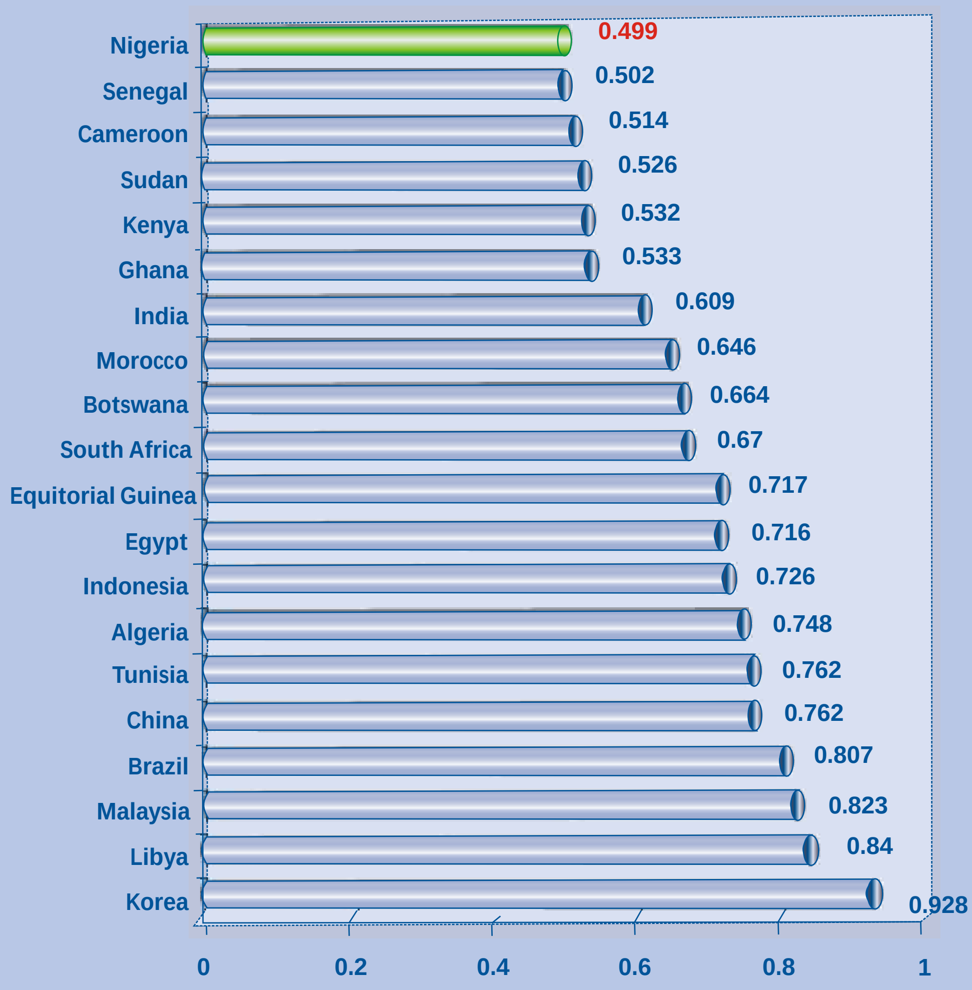
In nearly half a century of its existence as an independent state, Nigeria has built up social and institutional structures to advance its cause and quest for an honourable place in the comity of nations. Of course, the progress of any nation is always measured in reference to its history. Under colonialism, the political arrangement and economic potentials of the country were not targeted primarily at enhancing the welfare of the people. Among the key ingredients that stoked the fire of nationalism was the political and economic injustice that Nigerian nationalists experienced as a privileged class, but which the rest of the polity experienced on a mass scale. Put differently, inequity was at the heart of the Nigerian nationalist movement which worked assiduously for the decolonization of the country.

Now, at the threshold of the golden jubilee of Nigeria's political independence, the country surely has a scorecard; but it is an unimpressive one relative to its contemporaries in the 1960s and 1970s. What is different about Nigeria is that its poverty and poor human development performance are largely avoidable (see Figure 1.1). Forty-nine years of managing its own affairs has shown that the country has immense potential, is blessed with human and natural resources, yet exhibiting significant deprivation in the midst of plenty. There is no doubt that the economy has expanded and deepened, but it has failed to keep pace with rapid growth in the population, increasing expectations and the development performance of peer countries. In many respects, the economy has shown traits of a complex colouration that defies conventional classification. It is a country of extremes – extreme wealth on the one hand and extreme want on the other – which makes it possible for some 20 per cent of the population to own 65 per cent of its national wealth.

The level of inequity in the system is possible because the underlying structure of the economy has not been allowed to experience structural transformation. Subsistence agriculture is still widely practised with more than 50 per cent of the labour force working in this sector, which means that Nigeria's labour force is largely unsophisticated and unskilled for the demands of a 21st century economy. The oil sector, the other leg on which the economy stands, generates more than 90 per cent of foreign exchange earnings and funds at least 80 per cent of the federal budget, yet it employs just 1 per cent of the labour force with very low forward and backward linkage with the economy. It is obvious, therefore, that the discourse on inequality in Nigeria has its roots in the absence of a structural transformation in the economy. As the population grows at an annual rate of 3 per cent, the socio-economic space is not only crowded but contracting. It follows, therefore, that the solution to the nation's peculiar brand of inequity must begin with a careful examination of the country's growth experience, particularly a reappraisal of its post-independence economic priorities and the management of its opportunities. It's when the strategies have been sorted

Forty-nine years of managing its own affairs has shown that the country has immense potential, is blessed with human and natural resources, yet exhibiting significant deprivation in the midst of plenty. There is no doubt that the economy has expanded and deepened, but it has failed to keep pace with rapid growth in the population, increasing expectations and the development of performance of peer countries.

Figure 1.1: Human Development Index for selected countries



Source: Human Development Report 2007-08

out that the foundations of inequity, uneven growth and poverty can be tackled with a new set of strategies and in the expectations of better results.

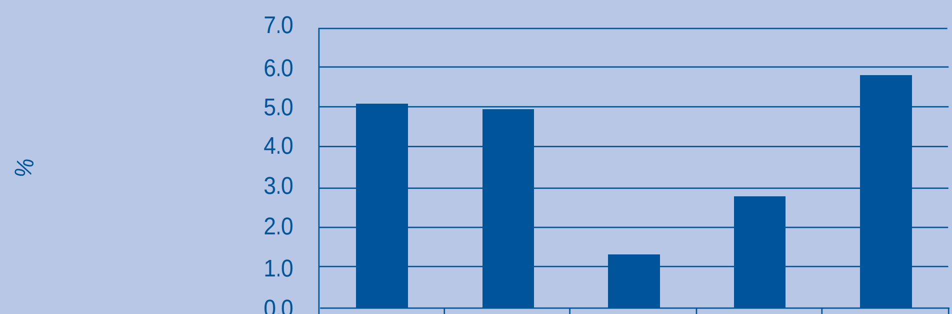
1.2. Growth Strategies and Outcomes

Since independence in 1960, the over-arching goal of Nigeria's economic development has been to achieve stability, material prosperity, peace and social progress. But a variety of internal problems have persisted in slowing down the country's attainment of these growth and development objectives. The problems have included inadequate human capacity development, primitive agricultural practices, weak infrastructure, uninspiring growth of the manufacturing sector, a poor policy and regulatory environment and abuse of resources. Until the recent past, the economy had been experiencing a long-drawn period of macroeconomic instability which manifested itself in volatile economic growth (Figure 1.2), sectoral imbalances, and worsening poverty and inequality. The economic outlook darkened noticeably with productive capacity in agriculture declining, infrastructure deteriorating rapidly, and education and healthcare suffering severe setbacks.

To tend to the economy and make it deliver on its potentials, the country has experimented with the two development philosophies – private sector-led growth in which the private sector served as the "engine house" of the economy and a public sector-driven growth in which the government assumed the "commanding heights" of the economy. The initial low level of private sector development led to public sector dominance of the economy, encouraged by rapid growth in the oil sector. There were initial successes in GDP growth and a rise in per capita incomes during the 1960s and early seventies. Soon, however, this income growth was outstripped by an unsustainable expansion of the public sector, which became unwieldy, inefficient and wasteful. The poorly conceived indigenization programmes of 1972 and 1977 helped to drive away foreign investors without stimulating domestic private sector development. The mix of military rule and associated political instability and turmoil later overwhelmed the economy. The inevitable long-term economic decline that set in was complicated by the global downturn of the early 1980s. All efforts to halt the decline through emergency measures failed. An escalating balance of payments crisis, weak fiscal and monetary management, and military coups, further compounded the problem.[1]

In response to these myriads of problems and to provide a durable long-term solution to the economic crisis, Nigeria adopted the Structural Adjustment Programme (SAP) in 1986. SAP was an IMF-World Bank supported policy package aimed at changing and realigning aggregate domestic expenditure and production patterns to minimize

Figure 1.2: Real GDP Growth Rates



	1961-1970	1971- 80	1981- - 90	1991- 2000	2001 - 07
Real GDP Growth rates	5.1	5	1	5	6

Source: CBN Statistical Bulletin: Volume 18, December 2007 and NBS, National Accounts, 1981-2008.

[1]Kayode and Odusola (2001)

After more than 20 years of poor governance and weak economic growth, President Obasanjo's administration undertook reforms that created marked improvement in macroeconomic management and resulted in relative stability. Growth of the real GDP, driven by the non-oil sector, averaged about 6.0 per cent while per capita income rose steadily, crossing the $1,000 mark in 2006.

dependence on imports, thereby enhancing the non-oil export base and propelling the economy towards recovery. As in most countries where it was introduced, SAP was not especially successful; it actually marked the beginning of and set the tone for what has become a long and complicated economic reform agenda aimed at deregulating the economy to make it more competitive.

Figure 1.3 indicates that real GDP growth rates improved markedly soon after the adoption of SAP (1986-1990). Table 1.1, however, which shows the sectoral growth performance from 1981-2007, indicates that growth rates in the key sectors between 1981 and 2000 were largely unstable. Averaged over ten years, growth rates of agriculture and crude petroleum declined in the second period (1991-2000) compared to the first (1981-90) and forced a decline in average overall GDP growth as well.

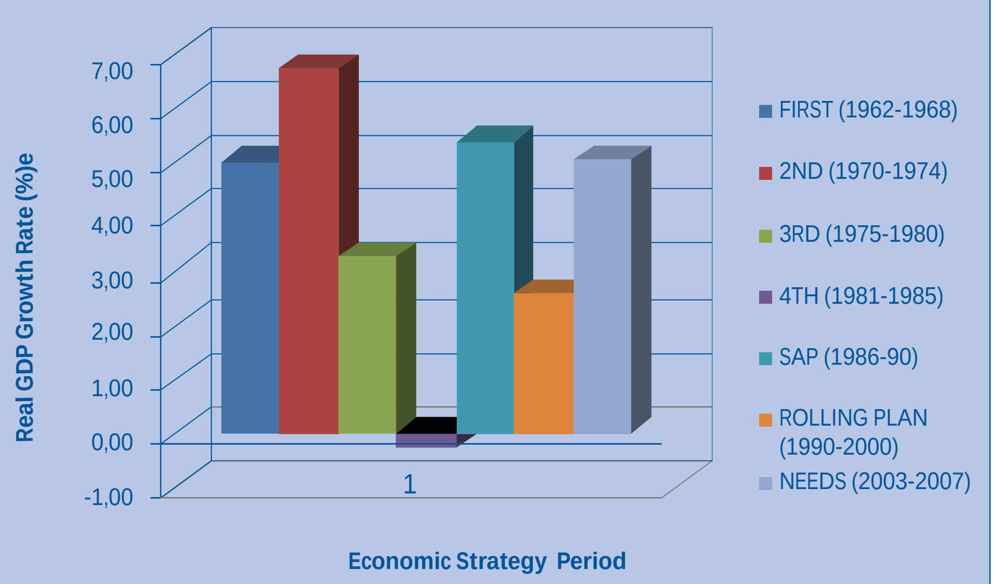
1.3 A New Beginning

After more than 20 years of poor governance and weak economic growth, the civilian government of President Olusegun Obasanjo was installed in 1999, offering new prospects for socio-economic stability. The reform undertaken by this administration to stabilize the economy started to yield results, especially from the beginning of its second term in office in 2003.

There was marked improvement in macroeconomic management resulting in relative stability. Growth of real GDP driven by the non-oil sector averaged about 6.0 per cent while per capita income rose steadily, crossing the $1,000 mark in 2006 (Figure 1.4).

Agriculture remained the main driver of growth in the non-oil sector, sustaining impressive growth from 2001-2007 (see Figure 1.5). Indeed, its share of non-oil GDP

Figure 1.3: Periodic Plans & Periodical GDP Growth



Source: National Planning Commission & NHDR Team 2008/2009

Table 1.1: Real Growth 1981 - 2007

Sector	1981-90	1991-2000	2001-07
Agriculture	4.5	3.4	5.6
Agriculture (Crops)	5.1	3.7	5.7
Livestock	3.5	1.8	5.3
Forestry	0.3	1.7	4.1
Fishing	5.7	3.7	6.3
Industry	1.4	1.6	2.0
Crude oil	1.5	2.8	1.0
Mining and quarrying	1.9	2.3	7.7
Manufacturing	1.7	0.2	8.1
Building & Construction	5.9	4.0	9.8
Wholesale & Retail Trade	2.7	1.9	9.2
Services	4.3	3.6	9.8
Transportation	3.6	3.3	7.4
Communication	1.2	4.8	25.9
Utilities	3.5	3.4	7.9
Hotel and Restaurants	4.4	2.2	8.9
Finance and Insurance	16.1	3.9	7.6
Real Estate	13.8	3.9	11.6
Producers of Government Services	2.1	1.8	6.7
Private Non-profit Organizations	10.8	17.5	21.8
Total GDP	3.2	2.1	5.6
Non-Oil GDP	2.8	2.9	7.2
Oil	4.2	0.8	0.6

Source: CBN Statistical Bulletin, 2005

has remained in excess of 50 per cent, with crop production retaining a huge dominance over the sector. As Table 1.2 shows, the contribution of crop production to agricultural GDP trended upwards, slightly displacing other subsectors between 2005 and 2007, because of its relatively faster growth rates (Table 1.3).

Essentially the sustained expansion of agricultural output in recent years derived principally from crop production. Accompanying this has been a steady and substantial increase in the area cultivated accompanied, however, by declining yield per hectare of major crops. In fact, the World Bank/DFID (2007)[2] reported an inverse relationship between the area harvested and yield for individual food crops, for groups of crops and for the food crop sector as a whole. The report emphasized that productivity had declined for both commercial and food crops in Nigeria, leading to continuous declines in yields.

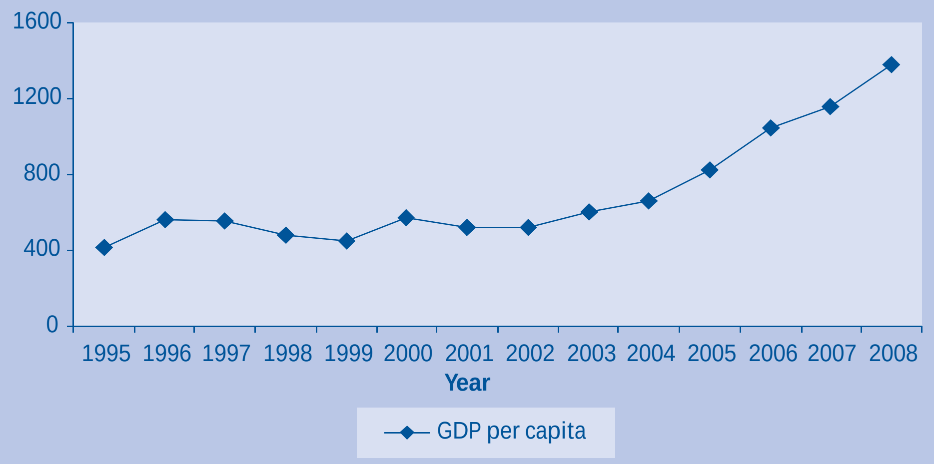
Agriculture is still dominated by subsistence production with slowly growing technology content. To expand output, farmers typically place more land, sometimes marginal lands, under cultivation. All other sectors with the exception of oil, grew remarkably on average during the seven-year period (2001-2007). The average growth rate of manufacturing rose from 0.2 per cent in 1991-2000 to 8.1 per cent (Table 1.1). As Figure 1.6 shows, manufacturing capacity utilization rose in 2001 and has remained elevated at about 55 per cent since then.

Starting from a low base, however, the

Agriculture remained the main driver of growth in the non-oil sector of the economy, sustaining impressive growth from 2001-2007. Its share of the non-oil GDP has remained in excess of 50 per cent. Yet, it is still dominated by subsistence production with slowly growing technology content.

[2] World Bank (2007). Nigeria: Growth and Competitiveness, vol. 1, p. 14.

Figure 1.4: Nigeria's GDP per Capita, 1995-2008



Source: NBS, National Accounts, 1981-2008

Table 1.2: Share of Each Sub-Sector in Agricultural GDP

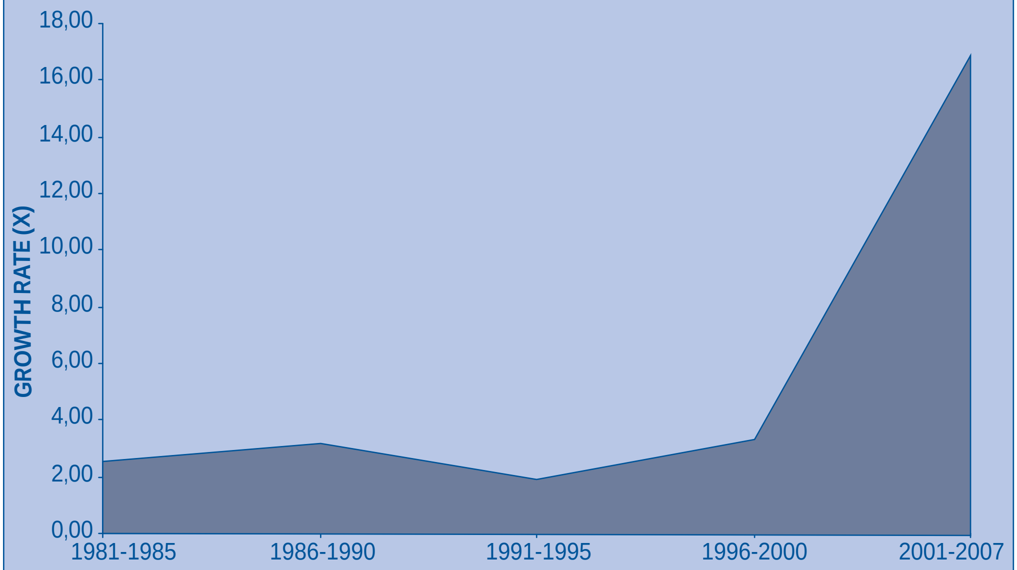
	Crops	Livestock	Fishery	Forestry
1980-84	76.5	13.3	6.3	3.9
1985-89	81	12.4	3.3	3.3
1990-94	82.6	10.7	4.1	2.5
1995-99	83.6	10.1	4	2.3
2000-04	83.5	9.6	4.9	2
2005-07	89.00	6.30	3.30	1.30

Source: CBN Statistical Bulletin: Volume 18, December 2007 and NBS, National Accounts, 1981-2008

contribution of manufacturing to overall GDP has remained uninspiring despite recent growth and has fallen as a share of total GDP. Likewise, services, led by communications, grew by an average of 9.8 per cent between 2001 and 2007 compared to 3.6 per cent average growth during 1991-2000, but its share of overall GDP has remained confined to about 16 per cent. Thus, the structure of the economy has not changed as the agricultural and oil sectors still dominate production.

Key Determinants of Recent Growth Performance

The recent improvement in economic growth may be explained by a favourable interplay of both policy-induced and fortuitous factors. The most important non-policy factor was high oil prices and attendant sustained huge official inflows of foreign exchange. Although this did not result in much (direct) positive contribution to the recent high growth rates of overall GDP, it nevertheless resulted in significant expansion in domestic liquidity that provided the base for



Source: NBS , National Accounts 1981-2008

Table 1.3: Subsector Growth Rates of GDP at Constant Basic Prices

	2003	2004	2005	2006	2007
Agriculture	6.64	6.5	7.06	7.4	7.42
Crops	7	6.5	7.13	7.49	7.51
Livestock	4.19	6.5	6.76	6.9	6.91
Fishery	4.06	6.5	6.02	6.55	6.58
Forestry	1.5	6.5	5.92	6.02	6.02

Source: CBN Statistical Bulletin: Volume 18, December and NBS, National Accounts, 1981-2008

increased credit creation which supported growth from 2001-2007. As is often the case in oil-producing developing economies, the most important determinant of domestic liquidity is the monetization of oil receipts. Increased oil receipts combined with high private inflows[3] (particularly portfolio and debt) provided the needed lubrication in terms of domestic liquidity for growth energies in wholesale and retail trade and other traditionally slower growing sectors such as manufacturing and services. Table 1.4 shows the expansion in money supply and credit during the period.

Both narrow money (M1) and broad money (M2) stocks grew above targets for most of 2002-2007. The expansion in money supply provided the basis for credit expansion. Credit to private sector grew above target throughout 2004-2007 (Table 1.4).

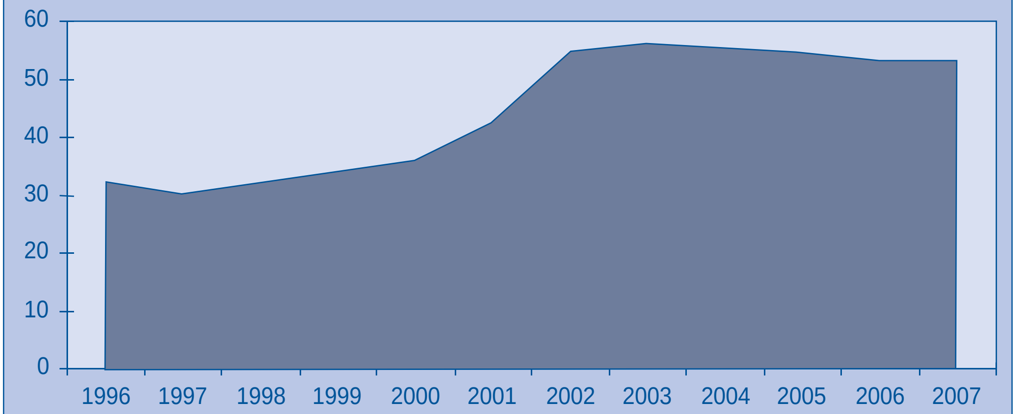
[3] Net non-oil private inflow increased by approximately 560per cent from N8.2 billion in 2002 to N53.9 billion in 2007 (CBN Statistical Bulletin, 2008, p.261)

The magnitude of monetary expansion during 2002-07 could not have been without the monetization of increased oil earnings and private inflows.

Increased revenues led to fiscal expansion at all levels of government, at least in nominal terms, despite the oil price based fiscal rule. At the federal level, many specific growth-boosting fiscal interventions were implemented. The presidential initiatives in agriculture complemented the fairly protectionist trade policy to raise income prospects which definitely led to expansion in the sector. But more importantly, at the federal level, fiscal reform initiatives including the Fiscal Responsibility Act and the Due Process mechanism, might have improved the quality of public expenditure.

At the sectoral level, growth performance may be directly traceable to specific reform and other initiatives at that level. For example, in the financial sector, the bank consolidation exercise led to the emergence of 25 bigger and apparently more resilient banks, and also contributed to rapid expansion in capital market activities. In the communications sector, the deregulation exercise that resulted in the explosive growth began with the introduction of the global system of mobile communication (GSM) in 2001. The telecommunications sector grew phenomenally[4], with mobile telephones

Figure 1.6: Average Manufacturing Capacity Utilization, 1996 - 2007



CBN Statistical Bulletin: Volume 18, December 2007

Table 1.4: Monetary Aggregates (%)

	2002		2003		2004		2005		2006		2007	
	Targets	Outcomes	Targets	Outcomes	Targets	Outcomes	Targets	Outcomes	Targets	Outcomes	Targets	Outcomes
M2	15.3	21.55	15	24.11	16	14	15	16.2	27	30.55	19	36.4
M1	12.4	15.9	13.8	29.5	13.4	8.6	11.4	15.9	n.a	20.3	n.a	11.01
CPS	34.9	19.7	32.3	27.11	22	26.61	22	29.3	24	27.8	30	96.8

Source: Central Bank of Nigeria Annual Report (Various issues)

[4] Following the liberalization of the telecommunications sector in 2001, which witnessed the entry of three major private operators Econet/V-mobile/Celtel/Zain, Mobile Telecommunications Network (MTN), and Global Communications (Globacom), and the public sector's Mtel, the country's teledensity rose dramatically from 0.62 to 19.9.

Table 1.5: Telephone Services in Nigeria, 1999 - 2006

Fixed and Mobile Telephone Lines	1999	2000	2001	2002	2003	2004	2005	2006*
Fixed (Million)	0.53	0.55	0.60	0.70	0.87	1.03	1.21	1.59
Mobile (Million)	-	0.19	0.27	1.57	3.15	9.15	17.66	26.36
Total (Million)	0.53	0.74	0.87	2.27	4.02	10.20	18.87	27.95
Teledensity (%)	0.01	0.31	0.62	1.62	2.87	7.29	13.48	19.96
Private Operators Share of market			10.0			50.5		72.3

Source: National Communications Commission, Abuja as at 2006

accounting for most of the expansion in the sector, rising from 31 per cent of total telephone lines in 2001 to 94.3 per cent in 2006 while private telephone operators, representing 10 per cent of total lines in 2001, experienced a surge to 72.3 per cent in 2006 (Table 1.5).

1.4 Key Concerns Have Persisted

Elusive Structural Transformation

The dual sectors of the Nigerian economy, agriculture and oil, continue to dominate sectoral contributions to GDP and exports. Agriculture continues to account for more than 50 per cent of employment while the oil sector accounts for over 95 per cent of foreign exchange earnings and 80 per cent of government revenue. The declining share of agriculture in GDP in the early and mid 1970s was reversed especially from 1999.

Agriculture's share of GDP rose from 28 per cent in 1981 to about 36 per cent in 2000 and 42 per cent in 2007 (Figure 1.7). The share of oil in GDP also rose during the period to about 24 per cent in 2007. The two sectors therefore account for more than 60 per cent of GDP.

The continued dominance of agriculture and oil in the economic structure of the country shows a lack of significant change in economic structure since independence.

Agricultural policy objectives give primacy to ensuring adequate food and raw material supplies, farmers' welfare, rural employment and increasing agricultural exports through increased budgetary allocations. Other areas given emphasis in agricultural policies are concessionary taxes, agricultural loans at concessionary interest rates, credit guarantees and insurance schemes, and liberal importation rules for agricultural inputs and equipment. Among steps taken to enhance agricultural output and productivity in recent years are the intensification of agricultural extension services, interest rate deregulation, agricultural protection via high tariffs, reduction of input subsidies and privatization and/or commercialization of public-owned agricultural institutions. Despite these measures, many of the traditional challenges facing agriculture have persisted. They include poor irrigation, fertilizer distribution and storage facilities; use of traditional farming

Agriculture and oil continue to dominate contributions to GDP. Agriculture accounts for more than 50 per cent of employment while the oil sector accounts for over 95 per cent of foreign exchange earnings and 80 per cent of government revenue. The two sectors have persistently accounted for more than 60 per cent of GDP.

Without a radical transformation, the future of agriculture in Nigeria is precarious. Youths are deserting the farms because they know it is a sure road to poverty. The typical Nigerian farmer is over 50-years old, illiterate, lives on less than $1 a day and farms less than two hectares of land with hand tools, producing a narrow range technology; and inaccessible rural roads. Others are ineffective policy implementation, drought, erosion, flooding, pest invasion, declining soil fertility resulting from shorter fallow and inadequate access to land.

Despite the steps taken to enhance agricultural output and productivity in recent years, many of the traditional challenges facing agriculture have persisted. They include poor irrigation, fertilizer distribution and storage facilities; use of traditional farming tools; inaccessible rural roads to the farms; declining soil fertility and inadequate access to land.

Manufacturing, which ideally should gradually displace agriculture, continues to lose its share of GDP instead. From 6 per cent in 1985, its share in overall GDP declined to a range of between 4 and 5 per cent during 1990-2007 (Figure 1.7).

Lack of structural transformation is also evident in the structure of the country's exports. Figure 1.8 shows that non-oil exports continue to be an insignificant component of total exports. Crude oil export accounted for over 95 per cent of total export revenue between 1996 and 2007.

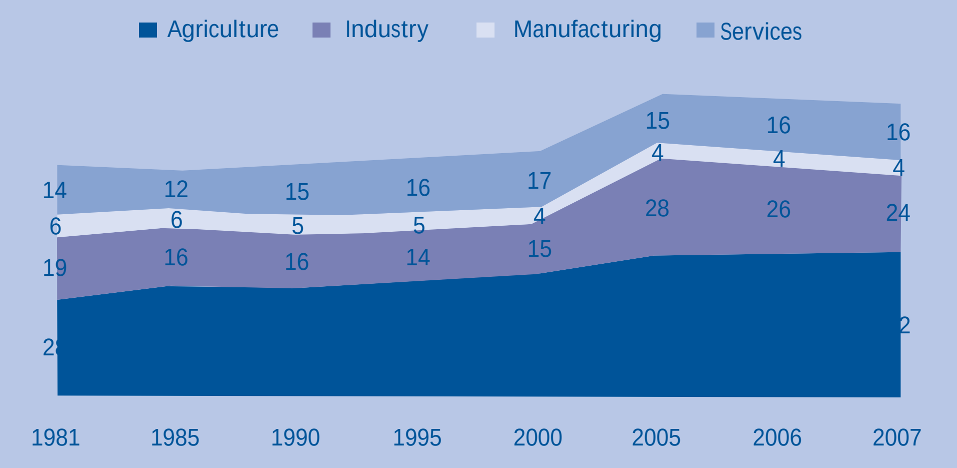
Low Investment in the Real Economy

Manufacturing, which should gradually displace agriculture, continues to lose its share of GDP instead. From 6 per cent in 1985, its share in overall GDP declined to a range of between 5 and 4 per cent during 1990-2007.

Low investment in the real economy continues to be a recurring concern. It is partly the consequence of low return on investment in the real sectors, particularly, industry and agriculture. Returns on investment are relatively higher in other sectors like oil, banking, telecommunications and food and beverages. The high returns on investment in the oil industry, for example, primarily reflect external conditions (particularly, sustained high demand for energy across the world). In the case of the banking sector, the high returns seem to be derived primarily from foreign exchange transactions and investment in government securities and a variety of off-balance sheet activities rather than real sector lending.

Low returns on investment in Nigeria result directly from the severe infrastructural bottlenecks experienced by firms. At the moment, the poor state of infrastructure in the country reduces the productivity and competitiveness of firms in two main ways: it adds to costs and reduces competition in the economy. Key among the infrastructure constraints are power and land transportation. Poor access to power forces firms to invest in generating their own power, thereby substantially

Figure 1.7: Sectoral Composition of GDP



Source: World Bank, 2007, World Development Indicators (CD-ROM)

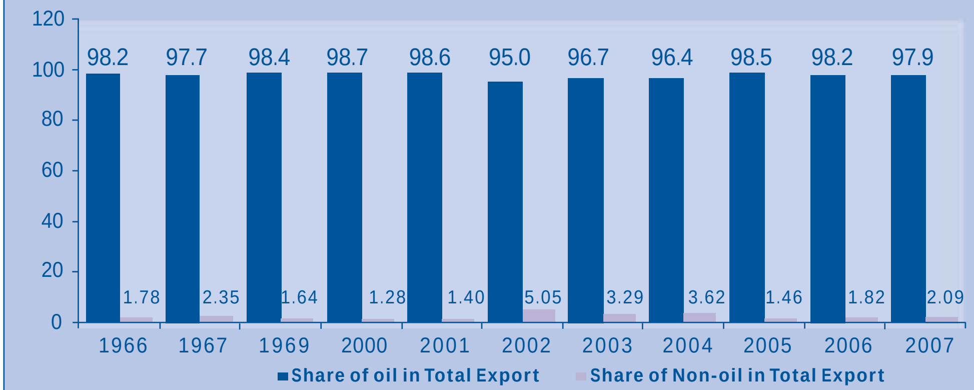
Box 1.1: Characteristics of Nigerian Peasant Farmers

Agriculture has always remained at subsistence level in Nigeria, even when the income and livelihoods of a significant percentage of the population are dependent on it. Over-reliance on crude oil and gas (accounting for about 95 per cent of foreign earnings and over 80 per cent of federal budget, a bulk of which is spent on civil service salaries) has weakened investment in other vibrant sectors of the economy, including agriculture. Whereas the petroleum sector provides employment to about 1 per cent of the population, agriculture provides jobs for more than 70 per cent. Owing to poor incentives, however, Nigerian youths have deserted agriculture. The typical Nigerian farmer is over 50-years old, illiterate, lives on less than $1 a day and farms less than two hectares of land with hand tools, producing a narrow range of crops. He/she neither uses productivity-enhancing inputs nor receives reliable extension advice, thereby producing only about three-quarters, or less, of household food requirements. Constituting two-thirds of the poorest of Nigeria's population, women farmers are naturally more handicapped, with lower education, less access to land, labour, information and technology. Focusing on this sector could generate a pro-poor growth if properly managed. In addition, small-scale farmers lack adequate access to credit from commercial banks and this hampers the development of agriculture in Nigeria. In most cases, commercial banks are sceptical of extending credit services to these farmers due to inadequate collaterals and the enormity of the risk involved.

Source: 2008/9 NHDR Team

The poor infrastructure in the country has crippled Nigeria's corporate development. It reduces productivity and competitiveness by adding to firm costs and reducing competition. Companies generate their own power and provide their own infrastructure, thus adding about 20 per cent to firm costs.

Figure 1.8: Share of Oil & Non-oil in Total Exports, 1996 - 2007



Source: CBN Statistical Bulletin: Volume 18, December 2007 & CBN Annual Report 2007

There is a widening gap in the GDP across the states and geographic zones in the country. While the top three states, Rivers, Lagos and Akwa Ibom, have GDP rates of N3.3 trillion, N2.9 trillion and N1.8 trillion, the last three Taraba, Ebonyi and Kogi have N43 billion, N57.6 billion and N63.3 billion respectively.

reducing funds available for productive reinvestment. Such self-provision of infrastructure may add as much as 20 per cent to costs. In addition, high transport costs due to poor roads, port and rail conditions significantly increase the cost of doing business in Nigeria and increase time to market. Clearly, this environment substantially increases the cost of doing business in Nigeria and reduces the ability of firms to appropriate returns. Added to these are the emerging issues of multiple taxation, a chaotic market situation arising from the global economic crisis, low purchasing power and insecurity.

Widening Gaps in Federating Units' Economies

As shown is Appendix Tables 1.21-1.23 the profile of economic activities is reflected in the size of the GDP and per capita GDP across the 36 states and the Federal Capital Territory (FCT) (Figure 1.9). Rivers State has the highest GDP of about N3.3 trillion, followed by Lagos State with about N2.9 trillion. Akwa Ibom State ranked third with N1.8 trillion, with Bayelsa and Delta States following at N1.21 and N1.20 trillion, respectively. Niger and Kano States rank sixth and seventh, while the FCT takes the tenth position. At the lower rung of the ranking are Osun, Yobe, Kogi, Ebonyi and Taraba States in descending order. Taraba has the lowest GDP of about N43 billion and ranked 37th. The relatively higher index of economic activities in Rivers, Akwa Ibom, Bayelsa and Delta states are directly related to their being major oil-producing states. Similarly, the high level of commercial activities in Lagos and Kano account for their high economic status. Also, it is the FCT's status as the capital of the country that accounts for its robust economic activity, which also explains why per capita income is highest there at N1.3milion or US$10,209 at the exchange rate of N125.83 to the dollar. Taraba State has the lowest income per person among the 36 states and FCT.

On a zonal basis (Table 5.4), the South South zone, comprising most of the oil producing states, has the highest combined GDP of N8trillion (about $63.58 billion). The North West zone ranks second with a GDP value of N4.3 trillion (about $34.17 billion), followed closely by the South West with N4.2 trillion (about $33.38 billion). The North Central zone to which the FCT belongs records a GDP worth N2.9 trillion (about $23.04 billion). The total GDP of the North East zone amounts to about N675 billion (about $5.36 billion) and that for the South East zone is valued at about N642 billion (about $5.1 billion).

Comparing per capita income among the zones (see Figure 1.10) also shows that the South South zone has the highest per capita income at N455,178.8 (or $3,617.4). The North Central zone which ranks fourth in GDP profile ranks second going by per capita income, with N238,932.4 (or $1,898.9). This is followed by the North West zone at N166,124.33 (or $1,320.3). The per capita income for the South West zone amounts to N164,829.6 (or $1,309.9), while the North-East and South-East are N43,207.4 (or $343.3) and N37,400 (or $297.2), respectively. The zonal ranking of population, economic activities and welfare shown above indicates that the North West, which is the most populous, appears to be the region with the second highest level of economic activity (after South South) and ranks third on welfare.

Using a per capita income of $1,000 as a rough benchmark to classify the level of development in states and zones, only 12 states with per capita incomes higher than $1,000 can be regarded as developed, leaving 25 states as underdeveloped. Only two zones, however, the South East and North East, are classified as under-developed.

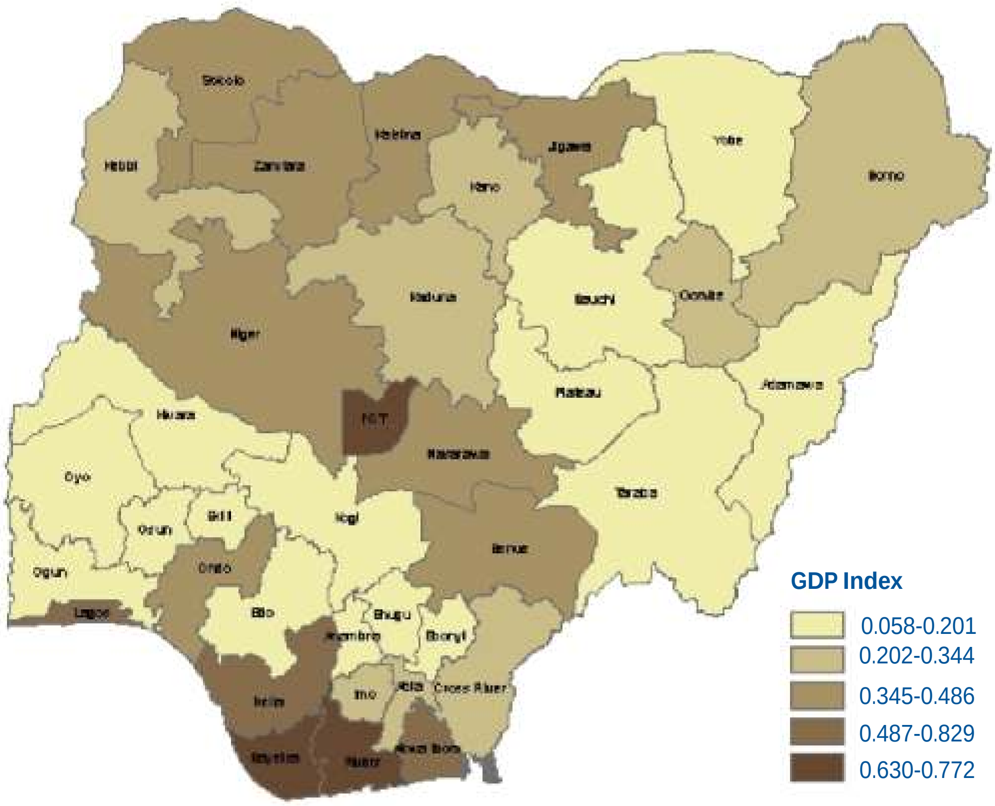
The figures show that the most recently created states are the poorest except Bayelsa, suggesting that the creation of more states could lead to creation of more poverty zones as public revenues are spread across more sub-regional units and go largely to funding administration and political structures.

Growth without Corresponding Expansion in Employment

From 2000-2007 during which the country experienced sustained high growth rates, employment responded rather sluggishly. There was no marked departure from trend as agricultural self-employment continued to dominate the country's labour market. In the absence of significant improvement in farm-factory linkages, the increase in agricultural employment was largely subsistent. In confirming this, the results of the 2006 CWIQ indicate a 24.8 per cent under-employment rate among the rural active population.

The most remarkable employment development during the period occurred in the communications subsector in 2001 and finance in 2005. The expansion of jobs in the communications sector was the direct consequence of the deregulation which saw to the introduction of GSM in the country, resulting in a one-off substantial increase in the year. The growth rate of employment in the sub-sector has since then reverted to its uninspiring historic path (Table 1.7). Apparently the expansion in employment in 2001 was not so much a reflection of growth as it was a result of the policy shock that opened up the sector to private investment and competition. This event

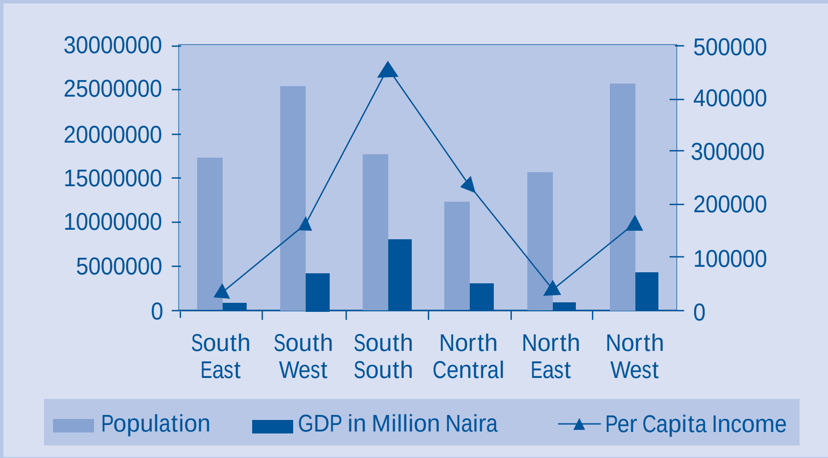
Figure 1.9: Index of Economic Activity as Proxy for State GDP Per Capita



Source: NBS Human Development Indicators, 2008

During 2000-2007 when Nigeria recorded high growth rates, the most significant development in employment happened in 2001, when the policy shock caused by the introduction of GSM in the country created thousands of low-level jobs in the telecoms sector; and in 2005, when the consolidation in the banking sector created jobs rather than eliminate them, as many had feared.

Figure 1.10: Zonal Population, GDP and Per Capita Income



Source: NBS, Human Development Indicators, 2008

Table 1.6: Zonal Ranking by Population, Economic Activity and Welfare

	Population	GDP	Per Capita Income
South East	4	6	6
South West	2	3	4
South South	3	1	1
North Central	6	4	2
North East	5	5	5
North West	1	2	3

Source: NBS, Human Development Indicators, 2008

Employment growth in the overall economy remained weak and put a question mark on the quality of growth achieved. Expansion in economic activity did not strengthen both forward and backward linkages among the sectors, which is a more critical requirement for pro-poor growth and poverty reduction through increased employment and income generation.

nevertheless led to the creation of thousands of low-level jobs, majority of which required unskilled labour in the form of sale of recharge card and operation of commercial roadside phone businesses.

Two key developments helped job expansion in the finance sector. First, contrary to fears about job losses, the reforms in the financial sector, particularly the bank consolidation exercise, resulted in the creation of more jobs in the finance industry as a whole. Table 1.7 shows an 18 per cent increase in employment in 2005 which, when disaggregated, shows significant increases in capital market related, insurance and bank jobs. Until the recent slowdown in the country's capital market, the finance industry experienced sustained job creation, particularly as the number of bank branches increased and other institutions like the micro finance banks came on board.

Overall, as Table 1.7 shows, the employment response of growth in other sectors, and at the aggregate level, was weak. This may be explained in terms of the quality of growth that the country has experienced in recent times. Growth in the agricultural sector, as we have already seen, reflected the expansion in crop production

Table 1.7: Employment Growth Rates

Economic activity	2000	2001	2002	2003	2004	2005
Agriculture	4.42	0.97	0.68	8.78	23.90	13.01
Manufacturing &processing	-4.26	3.81	-2.93	5.13	2.24	-3.75
Building & construction	5.96	54.75	-13.96	-2.72	8.26	6.32
Hotel, restaurant & tourism	-5.10	12.24	-2.77	-2.14	-1.12	-3.28
Transport	2.25	13.28	7.64	5.39	-6.95	27.60
Communications	62.80	583.38	2.69	58.39	3.18	43.75
Education services	7.65	0.50	47.88	10.82	7.32	17.79
Mining & quarrying	66.62	0.00	6.39	60.23	5.50	6.44
Utilities	-2.59	0.38	1.89	2.23	1.82	-3.57
Banking & Finance	39.46	41.86	2.56	-1.78	3.51	18.06
Distributive trade	-0.73	11.67	9.00	3.64	4.03	2.91
Private professional services	19.89	-9.58	2.07	12.91	8.97	6.38
Real estate & business services	3.74	9.95	8.69	1.31	-0.22	9.95
Health	-1.39	5.55	8.71	0.35	2.43	- 7.22

Source: NBS, 2006 Core Welfare Indicator Questionnaire Survey (CWIQ)

derived from physical expansion of lands put under cultivation rather than productivity enhancement. In addition, because of weak linkages between the farm and factory, value addition was limited.

Although sustaining and improving upon the recent expansion in economic activity is important, strengthening both forward and backward linkages among the sectors is a more critical requirement for pro-poor growth and poverty reduction through increased employment and income generation. Increased economic activity in the real estate, for example, must be linked to the forestry sector just as manufacturing has to be linked more closely with agriculture. Likewise, the expansion in the financial sector, particularly the banks, should stimulate real sector growth. The existing connection to the real sector is largely import-focused such that Nigeria's domestic financial sector growth links more with foreign real sector operations. For instance, consumer credits given by financial institutions to buy vehicles and household equipment usually contributed to increased imports rather than the purchase of locally produced items. A development strategy that creatively promotes inter-sectoral linkages is, therefore, urgently required. Growth linkages are an important element because investment in any given sector of the economy should stimulate demand for production inputs (backward linkages) as well as raise incomes and consequently

The figures show that both the Nigerian economy and the HDIs had recorded improved growths since the late 1990s. Nigeria is the lead in the group of countries with low HDI, according to the latest survey, a little more achievements in growth should push Nigeria into medium HDI countries category.

spur consumer demand for other goods and services (forward linkages).

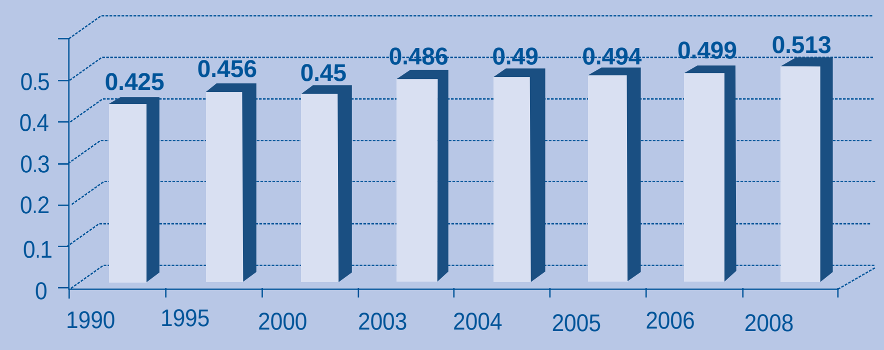
Human Development Indicators Have Experienced Slight Improvements

Development is concerned ultimately with enhancing people's quality of life, and to achieve this is to improve basic human capabilities (longevity, knowledge and income). This translates to expanding access to health, education and job opportunities. Improvement in basic human capabilities is reflected in improvement in the human development index (HDI) of a country. The HDI scores for Nigeria have consistently been among the lowest in the world since 1980, revealing a slow underlying rate of improvement and pointing to a clear policy challenge facing the country: how to translate higher growth into improved human development outcomes. Starting with 0.452 in 1990, the HDI rose to 0.456 in 1995, 0.486 in 2003 and 0.490 in 2004. In 2005 and 2006 the figures actually rose to 0.494 and 0.499, respectively, which were the highest the country had recorded in the past two decades and half. The 2006 HDI placed Nigeria in the 154th position out of 179 countries covered in the annual survey. The latest global estimates (for 2007), however, place Nigeria at the bottom of the middle human development category with a score of 0.513. While this is a cause for optimism, it is important for the country to seek ways of improving on its current ranking in the world. The HDI computed by NBS for 2008 confirms the improving trend (see Figure 1.11).

Nigeria requires a pro-poor growth rate above 10 per cent, which may appear difficult in the face of the global economic downturn, but the focus on key priorities by the present administration could, if well managed, set the country on the path of even higher growth in the medium to long term.

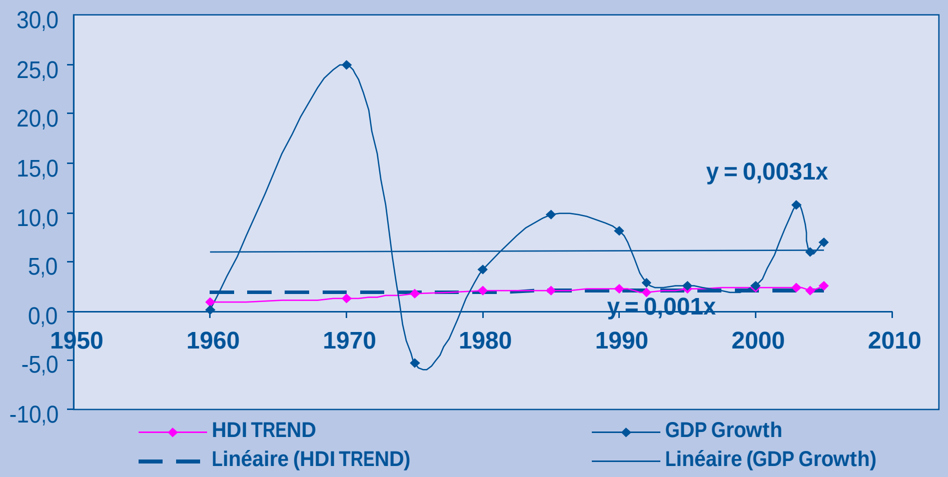
This has implications for growth policies which aim for a reduction in poverty and inequality. There is no doubt that raising overall growth from the current level by approximately 4 or more percentage points will be necessary to reduce poverty at a faster rate, a figure which is not unattainable but still presents a significant policy challenge in the short term for the obvious reason of the spillover effects of the current global economic downturn on the country and, in the longer term, because of the need for structural transformation which improves the quality of growth. Like most developing economies, Nigeria is not insulated from the impact of the financial and economic crisis that has seen the global economic growth outlook deteriorate rapidly. The major channels of effect on

Figure 1.11: Human Development Index Trends in Nigeria, 1999 - 2008



Source: NBS, Human Development Indicators, 2008

Figure 1.12: GDP Growth Rates and HDI Trends



Source: NBS, Human Development Indicators, 2008

Nigeria have included declining exports, rising net outflows, reduced foreign investment (FDI, equity and debt) and rapidly falling remittances. Already the federal government budget for 2009 is in a deficit of over N1.0 trillion (or about 4 per cent of GDP), accompanied by rising inflation and a fairly pessimistic growth outlook. The focus on infrastructure, security and human development, among other things, by the present administration as part of the 7-Point Agenda could, however, significantly ameliorate the challenge posed by the global economic downturn.

1.5 Conclusion

The revival of democracy and commitment to inclusive planning, the development of NEEDS and SEEDS at the national and state levels, respectively, and the renewed confidence in the Nigerian economy are among the factors credited for the new growth impetus witnessed over the past few years. The 7-Point Agenda of the new administration is built on this new beginning. The concerns discussed in this chapter are some of the immediate challenges facing the present administration. The issues have direct and indirect implications for the poverty and inequality reduction objectives of the government, and also for the choice of strategy. For effective outcomes, the 7-Point Agenda and National Vision 20:2020 document have set new priorities to build on the foundations of previous reforms. The best measure of success in implementing these new policy directions will not only be in the acceleration of growth but a significant improvement in human development outcomes based on better social indicators, lower poverty and reduced inequality.

2

Inequality in Nigeria

Nigeria seems to have a systemic structure of inequity; only such a system would permit just 20 per cent of the population to own 65 per cent of national assets while as much as 70 per cent of the same population are peasant rural workers and artisans

2: Inequality in Nigeria

2.1 Introduction

It is often said that the true barometer for measuring the advancement of a society is by judging how its poorest and most vulnerable groups live. As recent statistics tend to indicate, Nigeria seems to have a systemic structure of inequity; only such a system would permit just 20 per cent of the population to own 65 per cent of national assets while as much as 70 per cent of the same population are peasant rural workers and artisans. Inequality in Nigeria means that opportunities for upward mobility are very limited; it means few decent jobs, poor income and low purchasing power for the employed; it also means poor infrastructure and institutional failure in key sectors, including education, health and transportation.

Between 1985 and 2004, inequality (as measured by Gini coefficient with 1 standing for perfect inequality and 0 for perfect equality) in Nigeria worsened from 0.43 to 0.49, placing the country among those with the highest inequality levels in the world. Many reports and studies have reiterated that, despite its vast resources, Nigeria ranks among the countries with the widest gap between their poorest and richest citizens.

As noted in Chapter 1, there is a relationship between growth, inequality and poverty. High inequality adds to conditions that prevent sustained growth by depriving a substantial proportion of the population of access to economic opportunities (UNDP, 2003:2); it also complicates the poverty situation. It leads to a situation in which improvement in economic growth results in a reduced impact on poverty. Some studies have provided evidence that inequality contributes to high levels of poverty in that for any given level of mean income, higher inequality implies higher poverty as a smaller share of resources is obtained by those in the lowest deciles of the population (see, for example, Milante and Elbadawi, 2005).

The poverty problem in Nigeria is partly a feature of high inequality which manifests in highly unequal income distribution, differing access to basic infrastructure, education, training and job opportunities. The growth experience of Nigeria reviewed in the previous chapter shows that relative to past decades, the 2000s have so far witnessed impressive growth performance averaging about 6 per cent in the last seven years. The absence of commensurate improvement in the poverty situation expected to accompany such growth raises concerns about the nature of growth and, more crucially, equity.[1] As the UNDP has said, countries with high inequality are predicted as highly unlikely to meet many of the Millennium Development Goals (MDGs) by 2015.

Inequality worsened in the country from 0.43 to 0.49 between 1985 and 2004, ranking Nigeria among the countries with relatively high inequality in the world.

Poverty in Nigeria is partly a feature of high inequality which manifests in highly unequal income distribution, differing access to basic infrastructure, education, training and job opportunities. High inequality could undermine the country's prospects of achieving the MDGs.

2.2 Dimensions of Inequality and Predisposing Factors

There has been a resurgence of interest in inequality in the study of growth and development. As with poverty, inequality is now being assessed beyond its money-metric measure. Equity is defined as (i) equality of opportunities and potentials; and (ii) the avoidance of extreme

[1] Inequality and equity are not the same. Inequality lends itself more to statistical measurement compared to equity that involves value judgment about what is good and fair in the march towards an egalitarian society. However, a country with high inequality is less likely to be equitable compared with a society with low inequality. In the absence of clear policy concern for equity in Nigeria, it is hoped that the analysis of inequality is a first important step to raising awareness on equity issues. In this report, therefore, inequality is used largely synonymously with inequity, although attempts are made to introduce and discuss equity even if in a scattered way.

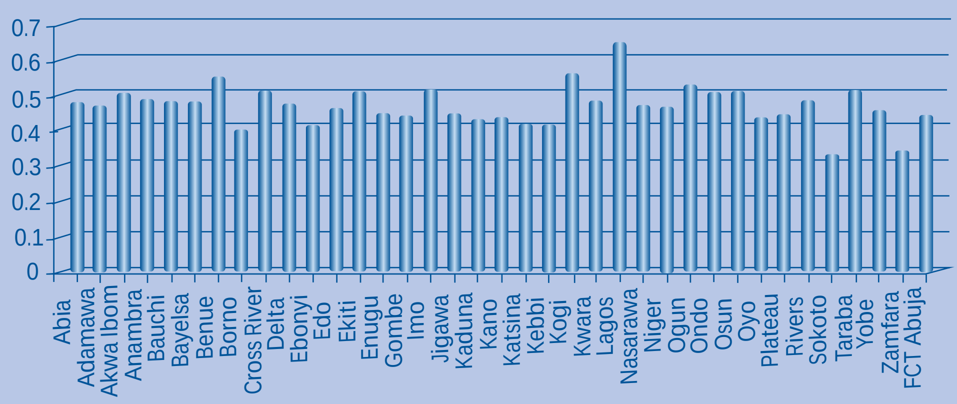
deprivation in outcomes.[2] Non-income expenditure measures of inequality thus derive from the "opportunities" dimensions of equity. For example, life expectancy is considered a measure of opportunities to live a healthy and long life, to learn, to get a job and earn a living, to access public services and to participate in political life.[3] Thus, there are economic, political and socio-cultural inequalities. These different kinds of inequality tend to be correlated with each other and are often correlated with gender, family background and location. For example, a poor person is also likely to have limited access to political opportunities and belong to a socially disadvantaged group. When economic, political and socio-cultural inequalities reinforce one another, individuals who fall into the disadvantaged group may be caught in an "inequality trap", a situation in which they experience barriers to access and participation that may persist for generations.[4]

Table 2.1: Inequality Trend by Location and Zones

	1985	1992	1996	2004
National	0.43	0.41	0.49	0.488
Sector				
Urban	0.49	0.38	0.52	0.544
Rural	0.36	0.42	0.47	0.519
Geo-Political zone				
South South	0.48	0.39	0.46	0.507
South East	0.44	0.40	0.39	0.449
South West	0.43	0.40	0.47	0.554
North Central	0.41	0.39	0.50	0.393
North East	0.39	0.40	0.49	0.469
North West	**0.41**	**0.43**	**0.47**	0.371

Source: National Bureau of Statistics (NBS), National Living Standards Survey (NLSS) 2004

Figure 2.1: Gini Index Across States in Nigeria



Source: NBS Human Development Indicators, 2008

[2] World Development Report (2006)
[3] World Bank, 2006
[4] Rao (2006)

It is important, therefore, that these various dimensions of inequality be taken into account if a thorough assessment is to be made on the consequences of development on equity. Data on inequality in the country is limited. Measured by the Gini coefficient, inequality has been rising since 1985, except in 1992 when it declined slightly. Declining at the national level from 0.43 in 1985 to 0.41 in 1992, it rose to 0.49 in 1996, and remained unchanged at 0.488 in 2004. However, at the sectoral and regional levels, in addition to there being variations around the national average, there seems to be a more marked increase in inequality between 1996 and 2004 (Table 2.1).This is a

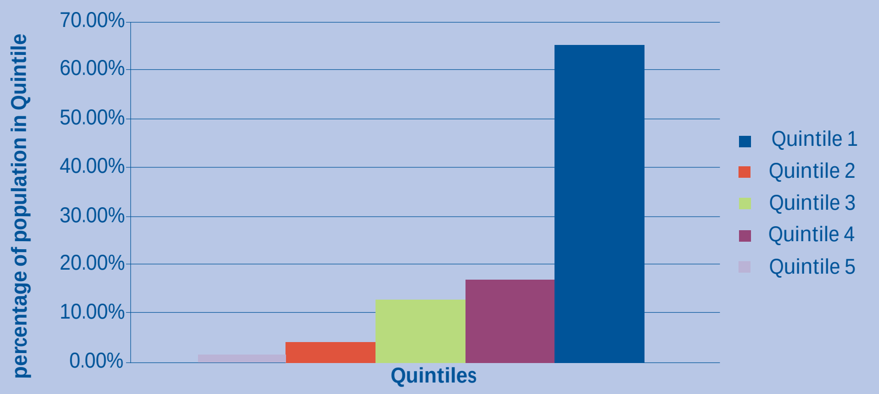
The rising inequality in the face of a growing economy is a clear growth is not pro-poor. Indeed, the national average conceals rising inequality across states and sectors since the mid-1990s.

Table 2.2: Asset Distribution by Quintiles, 2004

Asset	1	2	3	4	5	Total
Furniture	3.00	7.87	14.78	24.19	50.15	100.00
Sewing Machine	2.09	7.73	12.62	28.18	49.38	100.00
Stove	2.16	7.41	12.88	24.66	52.90	100.00
Refrigerator/Freezer	0.81	2.69	8.29	23.02	65.19	100.00
Air Conditioner	1.38	1.60	4.29	9.77	82.97	100.00
Fan	1.48	6.27	12.93	24.18	55.13	100.00
Radio Cassette	5.27	10.71	16.08	24.20	43.73	100.00
Gas cooker	0.54	1.23	1.77	15.00	81.46	100.00
Generator	0.77	0.93	7.28	10.44	80.59	100.00
Video Equipment	0.67	3.55	9.32	22.25	64.21	100.00
Washing Machine	2.84	3.11	7.31	22.00	64.74	100.00
Television	1.15	5.15	10.92	24.30	58.48	100.00
Camera		5.90	8.47	22.73	62.90	100.00
Electric Iron	1.33	4.75	10.27	24.79	58.87	100.00
Bicycle	10.49	15.91	20.91	23.64	29.05	100.00
Motorcycle	4.80	8.74	16.15	23.00	47.31	100.00
Car	1.97	2.65	5.75	15.13	74.50	100.00
House	10.51	15.77	19.59	22.66	31.47	100.00
Land or Plot	11.68	16.63	19.46	21.75	30.48	100.00
Shares of Stock	1.13	5.96	12.03	30.63	50.25	100.00
Boat		5.47	14.34	37.17	43.02	100.00
Canoes	3.09	10.47	12.13	28.92	45.39	100.00
Outboard Motor	13.66	4.56	12.04	21.88	47.87	100.00
Mattress or Bed	5.63	11.88	16.68	24.70	41.11	100.00
Total	4.46	9.29	14.60	23.83	47.81	100.00

Source: NBS, 2005 p. 87

Figure 2.2: National Aggregate Value of Assets by Quintile, 2004



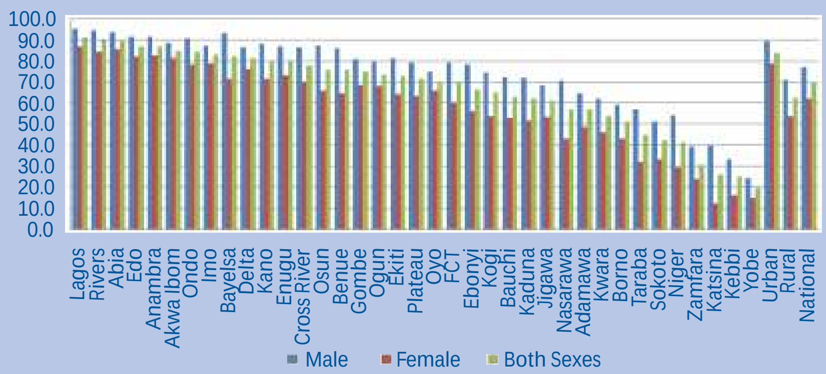
Source: NBS

clear indication that the benefits of growth over the past few years have not been distributed in a manner which is pro-poor. The national average, thus, conceals rising inequality across states and sectors since the mid-1990s (see Figure 2.1).

From Table 2.2, it is clear that there is inequality in asset distribution in Nigeria. The bottom quintile owns 4.46 per cent of assets, compared to the fourth and fifth quintiles' 23.83 per cent and 47.81 per cent, respectively. This translates to 1.43 per cent of total assets value to the first quintile, 4.11 per cent to the second, 12.82 per cent to the third, 17.04 per cent to the fourth, and a massive 64.78 per cent to the fifth quintile (Figure 2.2). In other words, some 20 per cent of Nigerians own 65 per cent of national aggregate value of assets. The inequality across states in Nigeria, measured by the Gini index as shown in Figure 2.1, is between 0.4 and 0.5. The Federal Capital Territory stands out as an outlier with value above 0.6, which is the highest. Abia State has the lowest with a value of 0.3 while all other states fall in between these two indices.

Disparities in educational attainment provide another indicator of rising inequalities. As Table 2.3 shows, there are

Figure 2.3: Adult Literacy Rate by State (%)



Source: NBS, General Household Survey, 2007

Table 2.3: School Enrolment & Illiteracy Rates in Nigeria, 2004

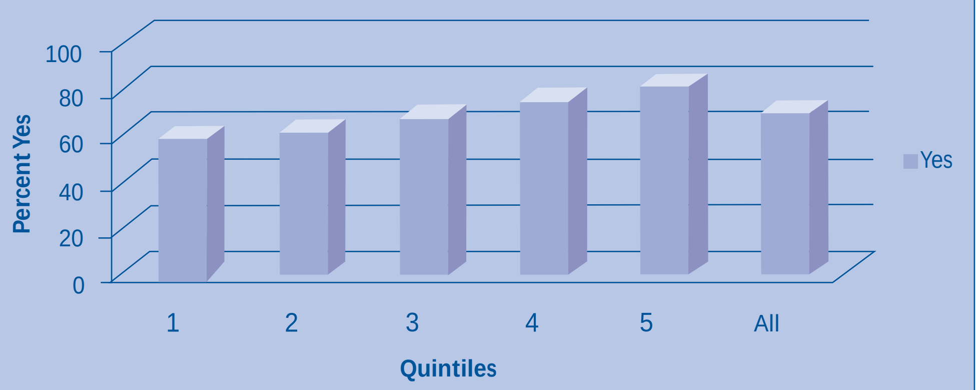
	Primary School Enrolment Ratio		Secondary School Enrolment Ratio		Illiteracy Rate	
	Total	Female	Total	Female	Total	Female
1980	108.8	95.0	18.0	11.0	67.1	78.3
1985	103.6	91.8	34.0	27.0	59.2	69.9
1992	94.0	83.1	28.9	23.7	48.2	58.1
1996	82.0	74.0	34.0	31.1	42.0	51.0
1999	93.0	83.0	24.0	23.0	37.5	45.7
2000	96.0	86.0	34.9	31.4	36.0	43.9
2001	100	90.0	35.5	31.6	34.6	42.3
2002	101	91.0	36.0	32.0	33.3	40.7
2003	100	91.0	36.5	31.0	31.9	39.1
2004	99	91	35	31	30.6	37.4
2005	NA	NA	NA	NA	29.2	29.2
2006	N A	N A	N A	N A	28.1	28.1

Source: AfDB (2007) Selected Statistics on African Countries.

gender inequalities in educational attainment. Female primary and secondary school enrolment rates have been consistently lower than the national average, translating to a consistently higher female illiteracy rate than the national average. The literacy rate between states varies considerably. Many northern states fall below the national average (Figure 2.3). Lagos leads all the states in adult literacy, while Yobe ranks lowest with a male adult literacy rate of 24 per cent. All the northern states, except Kano, Benue, Gombe and Plateau, have adult literacy rates below the national average while all the southern states except Ebonyi have rates above the national average. Among the south-western states, Ogun, Ekiti and Oyo states fall in the middle of the pack with Lagos and Ondo States at the top. All the Niger Delta States

Disparities in educational attainment provide another indicator of rising inequalities. Female primary and secondary school enrolment rates in some states have been consistently lower than the national average, translating to a consistently higher female illiteracy rate than the national average. For example, many northern states fall below the national average.

Figure 2.4: School Attendance by Quintile



Source: NBS

Table 2.4: Education Access by Quintile, 2004

	Quintile					Total
	1	2	3	4	5	
No Education	47.92	46.44	39.86	31.17	24.80	36.72
Primary	20.78	20.96	22.86	22.44	18.24	20.02
Secondary	29.48	30.72	35.12	42.15	47.86	38.08
Tertiary	1.82	1.88	2.17	4.24	9.10	4.24
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: NBS

Table 2.5: Healthcare Consultation by Quintile, 2004

	Quintile					Sex		Total
	1	2	3	4	5	Male	Female	
Yes	3.50	5.25	6.98	8.14	12.47	7.3	8.00	7.64
No	96.50	94.75	93.02	91.86	87.53	92. 7	92.00	92.36
Total	100	100	100	100	100	100	100	100

Source: NBS, 2005.

rank very well on adult literacy, which indicates that some improvements are beginning to occur after many years of political struggle aimed at raising the level of human development in the region.

There is high correlation between asset ownership by quintile and educational attainment. The fifth quintile, which owns the largest share of national assets, attended school; while over 40 per cent of the first quintile with no education has the lowest share of the assets.

The distribution of asset ownership by quintile correlates somewhat with educational attainment. Figure 2.4 and Table 2.4 indicate a significant gap in educational access between the bottom and top quitiles, for example, less then a third of the bottom (or first) quintile have secondary education whereas almost half of the top (or fifth) quintile have benefited from the same. This gap worsens considerably in the case of tertiary education. It is possible to infer from this that the level of education is an important factor in determining inequality of asset ownership among Nigerians.

There have been locational and geographical variations in the trend of inequality since 1985. Inequality has been consistently higher in the urban areas and in the South-West and South South since 1992. However, northern zones seem to have relatively higher inequality in terms of access to basic services: electricity, education and health services.

Another dimension of inequality is health attainment. Tables 2.5 and 2.6 shed some light on this. It is observed that the percentage that has access to healthcare consultation services and actually takes advantage of it increases by quintile, from 3.5 per cent for the bottom or first quintile to 12.47 per cent for the top or fifth quintile (Table 2.5). The quality of healthcare services consulted also varies by quintile, with the quality rising by quintile. For example, 11.64 per cent of the first quintile and 7.71 per cent of the fifth quintile consulted traditional healers, compared to 25.56 per cent and 55.96 per cent respectively who consulted medical doctors. The corresponding figures of those who consulted pharmacists are 8.42 per cent and 10.28 per cent, respectively (Table 2.6).

Though it can be argued that while income inequality may have been stable over the period 1996-2004, other measures of inequality suggest that it may actually have been rising during the period.

Table 2.1 shows that inequality has been consistently higher in the urban areas and in the South West since 1985, except 1992. The South South zone recorded increased inequality from 1992 to 2004, as did the South West. The South East zone recorded some decline in inequality from 1985 to 1996, but recorded an increase in 2004. The three northern zones recorded increases in inequality between 1985 and 1996 and a decrease by 2004. Thus, there

Table 2.6: Healthcare Consultation by Service Providers and by Quintile, 2004

First consultation	Quintile					Sex: Male	Sex: Female	Total
Traditional Healers	11.64	10.33	8.61	6.6	7.71	9.35	7.2	8.25
Doctors	25.56	31.79	35.03	43.5	55.96	43.59	44.54	**44.08**
Dentists	0.2	0.08	0.81	0.62	0.59			0.54
Nurses	14.56	15.6	15.92	13.19	11.26	12.78	13.8	**13.31**
Medical Assistants	20.34	18.99	18.42	15.23	7.51			13.6
Midwives	0.87	0.23	0.95	1.37	0.79	0.93	0.86	0.89
Pharmacists	8.42	.013	12.65	10.35	10.28			**10.65**
Traditional Birth								
Attendants	NA	0.24	0.45	0.25	0.11			0.21
Spiritualists	NA	0.54	0.66	0.39	0.43	0.38	0.5	0.44
Others	18.41	11.17	6.49	8.5	5.37			8.03
Total	100	100	100	100	100	100	100	100

Source: NBS, 2005; Note: NA = Not Available.

have been geographical variations in the trend of inequality since 1985. Reasons for these variations include income levels, poverty incidence, access to education, health and justice, social norms, labour laws, institutional norms about marriages, customs and rules relating to inheritances, privatization, taxation and macroeconomic stability.[5]

Table 2.1 again points towards additional dimensions of inequality in Nigeria. First, there is inequality by sector (urban and rural) and within sector (urban poor versus urban non-poor, and rural poor versus rural non-poor) in capability to meet food needs. This inequality also obtains at the zonal level, with the northern zones having relatively higher, albeit low, capability to meet household food needs. Second, there is inequality in access to safe water supply for which the rural areas are relatively worse off and the poor among them even more so. By zone, access to electricity is lower in the northern zones. Third, adult literacy rate is lower for females than for males. At the national level, the s are

Table 2.7: Gender Disparities in Economic Activities

Issues	Female	Male
Access to Finance		
Access to Credit Facility	45.7	54.3
Access to Bank Loan	21.9	78.1
Access to Microcredit	27.9	72.1
Access to Grants	28	72
Access to *Esusu*	55.7	44.3
Access to Cooperative loan	34.7	65.3
Others	33	67
Access to Facilities and Ownership of Assets		
Computer	39.8	60.2
Farmland	35.9	64.1
Agricultural Inputs	26.7	73.3
Agricultural Extension Services	22.8	77.2
StorageFacility	26	74
Labour	38.7	61.3
Fixed Line Phone	40.2	59.8
GSM	42.5	57.5
Internet	39.9	60.1
OwnLand	15.8	84.2
Own House	15	85
Decision making in		
Household	49.5	50.5
Community	14.8	85.2
Local Government	10.8	89.2
State Government	19.3	80.7
National Government	22.4	77.6

Source: NBS, Core Welfare Indicator Questionaire Survey (CWIQ), 2006

[5] Tanzi (1998)

Gender inequality has been a growing concern for a fairly long time. In Nigeria it is traditionally associated with socio-cultural and religious practices and patriarchy.

respective rates are 55.4 per cent and 73 per cent; at the zonal level it is lower in the northern zones than in the southern zones. Fourth, access to primary education is lower for rural households, and within sector, it is lower for poor households in both urban and rural areas. The same holds for secondary education and health services.

Finally, though inequality in access to credit is less pronounced by gender, it is significant within sector between poor and non-poor households. In effect, it may be argued that inequality by income is associated with non-income inequalities. For instance, the poor also have lower access to basic services such as credit, water supply and health services: and this, in turn, affects social outcomes such as literacy and good health

.

2.3. Gender Inequality

Gender inequality in Nigeria is traditionally associated with socio-cultural and religious practices and patriarchy. Additional modern measures of inequality include access to economic and educational opportunities. Since the Beijing Declaration, political representation especially at decision-making levels has become an important subject and some steps have been taken to protect the rights of women and enhance their participation in politics. Examples of these are passage of the Child Rights Act, 2003, which has also been passed in more than 18 states of the federation, the establishment of a Ministry of Women's Affairs at the federal level to promote women's empowerment, and the ongoing opening of democratic space for women. Women's representation in the National Assembly rose from 3.1 per cent in

Box 2.1: Customary and Religious Laws and Gender: Safiya's Story

The basis for inequality of the genders before religious and customary laws in northern Nigeria is often not commonly understood or appreciated. In truth, the foundation for every other kind of gender inequality in the Moslem north of the country can be found in the enforcement of these laws which undermine important rights of women and appear not to have any justifiable basis in Islamic theology, law or practice being more reflective of ancient, entrenched systems of patriarchy. Even their private life is not their own. One case in recent times that has brought this home to people in its stark reality is that of Safiya, a Moslem woman who was convicted of adultery and sentenced to death by stoning, while the man she claimed was responsible for the pregnancy was set free. According to Islamic adherents, under the Islamic law as practised in northern Nigeria, pregnancy outside marriage is sufficient evidence to convict a woman, but not the man. For a man to be found guilty of the same offence, four eyewitnesses must testify against him. In Safiya's case, she alone was sentenced to death by stoning because she could not come up with four witnesses to testify against the man.

Source: 2008 HDR Team

Box 2.2: Harmful Traditional Practices that Dehumanize Women in Nigeria

Female genital mutilation (to control women's sexuality).

Undue emphasis on marriage as the only acceptable status for a woman.

Child marriage, a reflection of society's emphasis on the "virtue" of virginity for women at marriage, in which little girls are married off to men who most times are old enough to be their fathers. The disparity in age ensures that the wife has little or no power of decision-making in the marriage. This is mostly practised in the North.

Polygamy, which is practised in every part of Nigeria, and which subjects women to harrowing psychological trauma and often brings out the worst in their character in the face of the competition that characterizes most polygamous households. Also, in some parts of the country, only husbands have the right to divorce and not the wife.

Power relationships in marriage: Wife beating is accepted in Nigerian culture as a legitimate instrument of authority by a husband over his wife. The man's prerogative to command his wife includes beating her physically and denying her sexual rights.

Dehumanizing practices comprising battery and assault of women by husbands and other male partners; sexual violence, including rape even by husbands, widowhood practices in the event of a woman outliving her husband, all are dehumanizing practices against women.

In politics, tradition and laws have widened the gender gap in the country. Although some other factors contribute to this but, above all, the chauvinistic tendencies of male rulers over the years have denied women any meaningful participation in politics. For instance, the military governments did not appoint any woman as governor of any state or as a member of the highest policy-making body throughout the period of military rule. This situation has changed considerably under civilian rule but there is ample room left for improvement.

Source: 2008 HDR Team

2000, the year the National Policy on Women was formulated, to 5.8 per cent in 2003 and 7.7 per cent in 2007. At the executive level, women have continued to increase in number and hold key positions since 2000. Although the overall representation is far below the 30 per cent recommended by the Convention on Elimination of All Forms of Discrimination against Women (CEDAW), the signs under the democratic dispensation are nonetheless more hopeful.

2.4. Main Dimensions of Gender Inequality in Nigeria

Access to credit

Women's access to credit is limited by custom. A broad range of literature has found that the different roles of women and men in many cultural settings add to the gender dimension of inequality[6] by creating

Women's access to credit is low, except access to the traditional esusu. It is believed that their lack of education and training limits their ability to gain access to credit from formal financial institutions. They are also disadvantaged in terms of land inheritance and access.

[6] World Bank (1996)

Gender inequity in education is more pronounced in the northern states of Nigeria where the percentage of females enrolled in primary school is as low as 28.3 per cent in Zamfara State as opposed to 51.8 per cent in Ekiti State. Nigeria ranks 118th in educational attainment (using female to male ratio).

Box 2.3: Empirical Results: Gender Inequality and Growth

A wealth of cross-country and micro evidence indicates that gender gap is inimical to growth through reduction in productive asset and reduction in the productivity of females. Besides, a growing literature indicates that gender inequality has serious implication for poverty. Ravallion and Datt (2002) find in India that gender inequality in education is a key determinant of poverty. In addition, there is overwhelming cross-country and micro evidence that gender gap in education leads to higher fertility, higher child mortality, higher under nutrition, and lower educational investments (for example, see Schultz, 1997; Klasen, 1999; Smith and Haddad, 1999; World Bank, 2001, Abu-Ghaida and Klasen, 2004). As shown by Abu-Ghaida and Klasen (2004), if countries were able to eliminate gender gap in educational enrolments by 2005, they would reap considerable benefits in terms of these indicators. To the extent that these factors in turn influence economic growth, they are part of the reason why gender gap in education reduces economic growth and thus increases inequality. Furthermore, evidence shows that women's bargaining power has a significantly positive impact on investments in children's education, health, and nutrition (e.g. Thomas, 1997; World Bank, 2001; Lundberg et al 1997; Murthi, et al. 1995). Women's bargaining power is, in turn, heavily influenced by their employment status, their education, and their access to unearned incomes such as inheritances, remittances and state transfers (World Bank, 2001, Sen, 1990; Murthi et al. 1995, Klasen and Wink 2002; 2003). Improving the bargaining power of poor women would, therefore, lead not only to beneficial effects on the women themselves, but also to the reaping of considerable externalities in terms of improved outcomes for their families. Also, there is some evidence that women's empowerment is associated with improved governance and reduced corruption, as women tend to have a lower propensity to engage in such behaviours (World Bank, 2001).This may be one of the reasons why gender gaps in education and employment are associated with lower growth (see Klasen and Lamanna 2003; Sauer, 2001). There is also some evidence that greater female participation in political decision-making at local levels can improve investments in priorities of women policy-makers which in turn might likely improve the contribution of women to economic growth (Duflo and Chattophadyay, 2003).

unequal economic participation between them. Lack of education and training also limits the ability of women in Nigeria to gain access to credit from formal financial institutions. They are disadvantaged in many areas (Table 2.7). In the areas of finance, women only have better access to *esusu* than males. In all other areas, such as bank loans, microcredits, grants and cooperative loans, men have greater access[7]. Access to facilities and ownership of assets also follows the same pattern: males have better access and higher ownership than females.

Access to agricultural land and inputs. Access to agricultural land and inputs is uneven between men and women. I

Traditionally, men have greater access to agricultural lands which they derive mainly from inheritance. Women do not inherit land in many cultures in Nigeria. Table 2.6 shows that 64 per cent of men and only 36 per cent of women have access to farmland. The pattern is the same for key inputs, including agricultural extension and storage facilities.

Access to Justice

Legal and social institutions have continued to widen the disparity between Nigerian men and women by keeping women in a subordinate position to men. The customary law in practice in most parts of Nigeria operates to the great disadvantage of women even though details of the discriminatory practices of non-Islamic communities have not caught as much public attention as those of Islamic communities. Nevertheless, these practices are rooted in the ancient customs and traditions of various communities. Customary laws are conservative and not given to change easily.[7] They need to be balanced by appropriate legislation and grassroots advocacy, sensitization and mobilization to counter those aspects which are particularly discriminatory towards women and girls.

2.5. Gender Inequality and Growth

Gender inequality hampers growth and poverty reduction. It restricts the pool of talents from which to draw for education by excluding highly qualified girls (and taking less qualified boys instead), thereby reducing the average ability of the workforce. Fundamentally, gender gaps hamper human capital development and the potential for economic growth. Differential access to productive assets and inputs constitutes a major economic distortion and reduces aggregate output.[8] The following are some of the specific areas of gender inequality in the country with potentially adverse implications for human development and growth.

Education

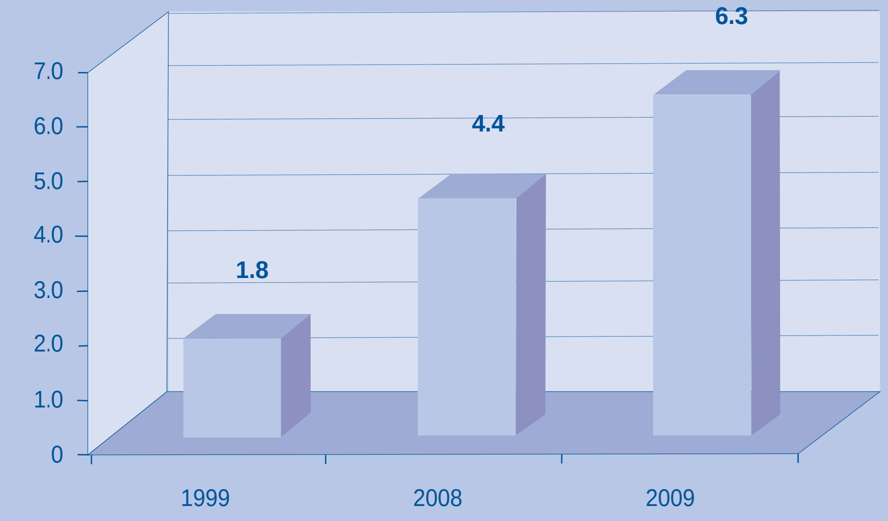
Although, the Nigerian Constitution provides for equal and adequate educational opportunities at all levels without discrimination, women's enrolment has continued to be lower than men's enrolment at all three levels of education (primary, secondary and tertiary).

Gender inequity in education is more pronounced in the northern states of Nigeria where the percentage of females enrolled in primary school is as low as 28.3 per cent in Zamfara State while it is as high as 51.8 per cent in Ekiti State. A woman's level of education determines how well she can access high-wage jobs and, consequently, move out of poverty and contribute to growth. Also, the mortality rate of children, fertility rate of women and spread of HIV are all lower with increasing education. However, Nigeria ranks 118th in educational attainment with a female to male ratio of 0.80 for literacy, 0.85 for primary school enrolment, 0.86 for secondary school enrolment and 0.55 for enrolment in tertiary institutions.

Legal and social institutions have continued to widen the disparity between Nigerian men and women by keeping women in a subordinate position to men.

[7] Nwankwo (2001)
[8] World Bank (2005), Udry (1996)

Figure 2.5: Representation of Women in Elected Positions from 1999-2007



Source: UNIFEM

Women's access to the labour force has improved over the past three decades but this is still very low compared to men.

Employment

The percentage of women in the country's labour force has risen fairly well: from 36.8 per cent in 1970 to 47 per cent in 2005. This is still very low compared to the 86 per cent for men in the country's labour force. These disparities are also evident in the income received by them as there is a female to male ratio of 0.41 when income is measured in terms of purchasing power parity.

With a high fertility rate, low family planning usage (15 per cent) and relatively poor access to healthcare, Nigeria has a maternal mortality ratio of 800 deaths per 100,000 live births. The estimated annual maternal deaths figure of 37,000 means that Nigeria bears the second highest maternal burden in the world.

Access to healthcare

Nigeria ranks 100th in health and survival out of 128 countries, indicating that there is still much to be desired in the country's healthcare system. Life expectancy, which had increased till 1990, fell to 43.7 for men and 44 years for women in 2005. The infant mortality rate stands at 96 deaths per 1000 births while the sex ratio (female to male) at birth is 0.94. Both male and female children have about an equal chance of health and survival as the ratio stands at 0.969. The total fertility rate in Nigeria is an average of 5.7 children per woman. Women in urban areas have an average of 4.9 children while their counterparts in the rural areas have an average of 6.1 children. The high fertility rate is further aggravated by the low usage of family planning methods by Nigerian women. This is because of the importance attached to having children by society. Almost 80 per cent of women have knowledge of family planning but only about 15 per cent of them use standard contraceptive methods.

Closely linked to the high fertility rate is the maternal mortality ratio which is put at 800 deaths per 100,000 live births. This figure is even higher in the rural areas where there are fewer healthcare delivery facilities. The estimated figure of annual maternal deaths is 37,000; this means that Nigeria bears the second highest burden of maternal mortality in the world.[9] There are 13,215 health facilities in the country and the national average of the percentage of mothers who receive antenatal care is about

[9]UNICEF (2005)

60 per cent but only 37 per cent of them deliver in healthcare facilities managed by qualified professionals.[10]

Agriculture

Agriculture is the largest employer of labour in Nigeria and is also the largest poverty-related sector because poverty is higher among farming households than in non-farming households. Women make up the greater percentage of people involved in agriculture in the country. In 1970, 70.8 per cent of them were involved as against 71 per cent of men. By 2002, the percentage of men had reduced to only 30.6 per cent compared to 33.2 per cent of women. Despite this active engagement of women in farming, however, their access to resources and participation in agriculture is still largely mediated through their fathers or husbands. Compared with men, women face costly constraints, ranging from lower wages for agricultural work to poor access to land, working capital, technology, and marketing channels.

As daughters or wives, women are a part of the complex web of interactions entailing both cooperation and power plays, as households design livelihood strategies to reduce or escape from poverty. A woman's negotiating power is affected by her participation in economic activity, which itself depends on her asset endowment (including human capital) and her access to and control of the household's assets. Thus, their role has been largely restricted to subsistence food crops production with low potential for generating higher incomes. As mobility is constrained and migration to external labour markets are limited options, these livelihood strategies adapt to suit the woman's asset endowments and account for the constraints imposed by market failures, state failures, social norms, and exposure to uninsured risks.[11] Gender disparities in access to and control of such productive assets as land and livestock persist in Nigeria due to the culture and tradition of the people. The disparity also persists in access to agricultural inputs. At 0.8 hectares per woman, female-headed farms are only a third the size of male-headed ones (2.4 hectares) and they are generally on inferior land.[12] Even when men and women in the same household cultivate separate plots, as it happens in much of Africa, women often control smaller land parcels.[13] Urban farms headed by women are often located in unsafe and insecure areas on the edges of the cities which lack basic services such as water and electricity.[14] Inequality is also manifested in the ownership of livestock in the country as 99.48 per cent of cattle and 98.41 per cent of draught animals are owned by men. Men also own a higher percentage of sheep, goats, pigs and poultry animals.

Women's active engagement in agriculture is weighed down by male restrictions as well as cultural and capital inhibitions.

Political participation and decision making

Nigeria ranks 106th out of 128 countries in political empowerment with female to male ratios of 0.08 for women in parliament and 0.11 for women in ministerial positions.[15] At the state level, as at 2007 elections, 15 states (including FCT) did not have women representatives in their parliament (see Appendix Table 4.0). Indeed, women's political empowerment and participation in decision-making in Nigeria has been persistently low at all levels. At the

The effort at political empowerment of women is still very feeble with about 8 of parliamentarians being women, no representation at all in fourteen states and 11 percent of ministerial positions are held by women.

[10] NPC (2004)
[11] World Bank (2006)
[12] Saito, Mekonnen, and Spurling (2004)
[13] Udry (1996
[14] Anosike and Fasona (2004)
[15] WEF (2007)

household level, most of the important family decisions are taken by men including issues relating directly to women.[16] At the level of government, participation in politics is still dominated by men. Since the changeover from military dictatorship to civil rule, there has been increased participation of women in politics in Nigeria (Figure 2.5). In 1999, women made up 1.2 per cent-3.6 per cent of the elected members of Senate, House of Representatives and the various State Houses of Assembly.

This translates to 12 female State Assembly members out of 990, 13 female House of Representatives members out of 360 and 3 female senators out of 109. In 2003, there was a slight improvement in the number of women in politics, as it increased from 3.7 per cent to 5.8 per cent. There were 39 female State Assembly members, 21 female members of the House of Representatives and 4 female senators (NGSB, 2006). Despite the improvement in female political participation, these figures are still far from being equitable.

The improvement is also reflected at the state level where women's participation is also being gradually encouraged. But there are 15 states which still have 100 per cent men-dominated State Houses of Assembly out of which 11 are in the North and four in the South (Bayelsa, Cross River, Edo and Ondo States).

[16] NBS (2004)

3

Nigeria's Poverty Profile

Poverty incidence has declined but remains considerably high at about double its level two decades ago while rural poverty and child poverty are becoming serious concerns.

3: Nigeria's Poverty Profile

3.1 Introduction

Poverty is a state of long-term deprivation of those essential material and non-material attributes of well-being which are considered necessary for decent living. Among the various dimensions of well-being considered in the literature, a distinction is now made between those which focus on living standards, for which income or expenditure are adopted as indicators, and those which focus on the rights, opportunities and capabilities of individuals. The latter dimension has its roots in the view that well-being may not be determined by actual consumption alone, but also by opportunities and capabilities for consumption, for which income may not be a measure.

Nigeria's statistical agency, the National Bureau of Statistics (NBS), has been conducting poverty surveys since 1980, the more nationally representative ones being those conducted in 1980, 1985/86, 1992/93 and 1996/97 as well as the living standard survey conducted in 2003/2004. Estimates of poverty incidence from 1980 to 2004 discussed in this report are based on these surveys. They are however complemented by other recent national surveys such as the Core Welfare Indicator Questionnaire (QWIC) 2006, the Nigeria Multiple Indicator Cluster Survey (MICS) 2007 and the Nigeria Demographic and Health Survey (NDHS) 2008.

3.2 Poverty Profile, 1980-2004

The total poverty head count rose from 27.2 per cent in 1980 to 65.6 per cent in 1996, an annual average increase of 8.83 per cent over the 16-year period. However, between 1996 and 2004, the head count declined by an annual average of 2.1 per cent to 54.4 per cent. Over the same period, the percentage of the core poor rose from 6.2 to 29.3 per cent, and declined to 22.0 per cent in 2004. The fact that over 50 per cent of total population is officially poor should be of great concern to policy makers.

For 16 years (1980-1996), the total poverty head count rose by an annual average of 8.83 per cent. The 54.4 per cent official poverty prevalence in Nigeria at present translates to about 70 million poor persons.

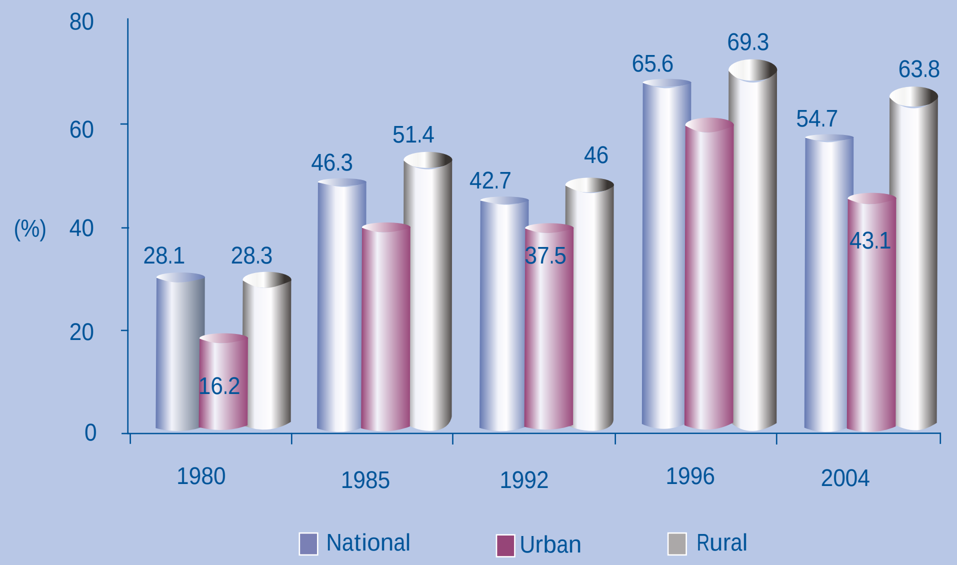
More light is shed on the challenge of poverty in Nigeria when we consider the various dimensions of poverty. First is the geographical dimension. The urban poor rose from 17.2 per cent in 1980 to 58.2 per cent in 1996, but declined to 43.2 per cent in 2004 (Figure 3.1). From 1980-2004, the core poor in urban areas rose from 3.0 per cent in 1980 to 25.2 per cent in 1996 and declined to 15.7 per cent in 2004. The corresponding figures in the rural areas were 6.5 per cent, 31.6 per cent and 27.1 per cent (Table 3.1). Also, whereas the decline in core poor was 38 per cent in the urban areas, it was only 14 per cent in the rural areas, which is lower than national average of 25 per cent. Also, the rural areas accounted for 65 per cent of national poverty incidence.

Apart from the rural poor which account for 65 per cent of national poverty incidence, poverty has been consistently above the national average in the three northern zones, with the North East zone recording the highest incidence.

By geographical zone, poverty has been consistently above the national average in the three northern zones, with the North East zone recording the highest poverty incidence. Also, while the core poor declined in most of the zones between 1996 and 2004, it actually increased in the North Central zone from 28.0 per cent in 1996 to 29.8 per cent in 2004. By implication, it appears that being resident in the rural areas and in the northern geopolitical zones increases the likelihood of being poor (see Table 3.1).

The CBN and NBS Socio-economic

Figure 3.1: Nigeria's Poverty Profile



Source: NBS, National Living Standards Survey (NLSS) 2004.

Table 3.1: Incidence of Poverty by Sector and Zones, 2004

		1980	1985	1992	1996	2004
National	Total poor	28.1	46.3	42.7	65.6	54.4
	Core poor	6.2	12.1	13.9	29.3	22.0
Urban	Total Poor	17.2	37.8	37.5	58.2	43.2
	Core Poor	3.0	7.5	10.7	25.2	15.7
Rural	Total Poor	28.3	51.4	66.0	69.3	63.3
	Core Poor	6.5	14.8	15.8	31.6	27.1
South South	Total Poor	13.2	45.7	40.8	58.2	35.1
	Core Poor	3.3	9.3	13.0	23.4	17.0
South East	Total Poor	12.9	30.4	41.0	53.5	26.7
	Core Poor	2.4	9.0	15.7	18.2	7.8
South west	Total Poor	13.4	38.6	43.1	60.9	43.0
	Core Poor	2.1	9.0	15.7	27.5	18.9
North Central	Total Poor	32.2	50.8	46.0	64.7	67.0
	Core Poor	5.7	16.4	14.8	28.0	29.8
North East	Total Poor	35.6	54.9	54.0	70.1	71.2
	Core Poor	11.8	16.4	18.5	34.4	27.9
North West	Total Poor	37.7	52.1	36.5	77.2	71.2
	Core Poor	8.3	14.2	9.0	37.3	26.8
Population in Poverty (million)		**17.7**	**34.7**	**39.2**	**67.1**	**68.7**

Source: NBS, 2005. Poverty Profile for Nigeria, 1980-2004

Eighteen states have lower per capita income than the global standard of less than $1.25 per day.

Survey of 2006 and the NBS CWIQ of 2006 further confirm the poverty situation in the country across regions and states. It was evident from the study that a substantial proportion of Nigerians still lives on less than N20,000 a year. There is a clear evidence of high dispersion in per capita income across the 36 states of the federation as at 2007. High performers included the FCT ($10,208), Bayelsa ($5,388), Rivers ($5,210), Akwa Ibom ($3,813), Lagos ($2,554) and Delta ($2.325) while the low performing states were Taraba ($141), Kogi ($147), Anambra ($163), Bauchi ($166), Osun ($183 and Plateau ($194). Other states fell between the two groups (Figure 3.2). The oil producing states continue to dominate the high performing states, while 18 states recorded lower per capita incomes than the global standard of less than $1.25 per day.

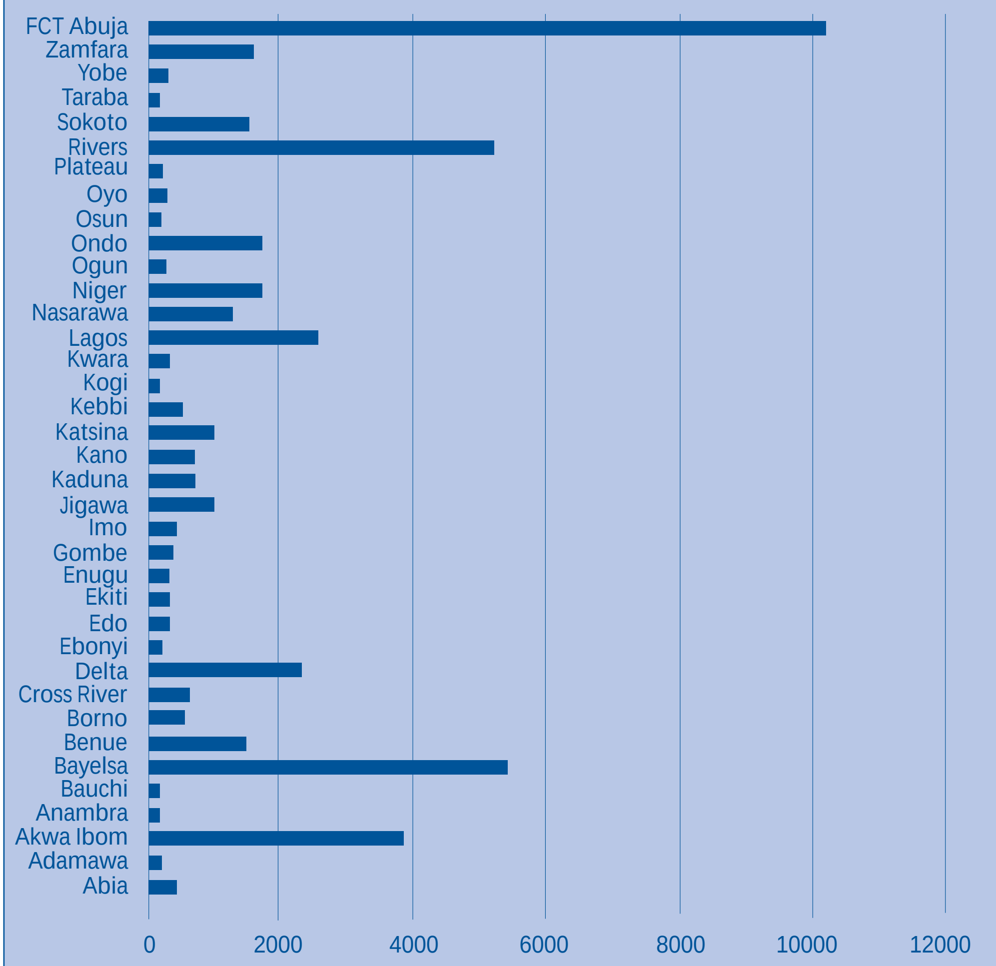
In other words, there is a significant part of Nigeria which falls within the income definition for a least developed country or LDC although the country itself is classified as low income or LIC.

3.3. Key Correlates of Poverty

Education

There is an educational dimension to poverty in Nigeria: the higher the educational attainment, the lower the incidence of poverty. Poverty is concentrated among persons with no education

Figure 3.2: 2007 Per Capita Income, by States (US$)



Source: Human Development Index, 2008

and those with only primary education. The likelihood of being poor is highest when the head of household has no formal schooling. It is observed that households where the head had no schooling accounted for 48 per cent of overall poverty incidence in 2004, while households where the head had secondary education accounted for 30 per cent (Table 3.2).

Occupation

Occupation of the household head also matters in poverty incidence. Table 3.2 reveals that households in which the heads are engaged in agriculture have the highest likelihood of being poor. Also, the National Living Standard Survey of 2004 shows that 67 per cent of households whose main occupation was agriculture were poor. This poses a very crucial challenge for poverty reduction in the country, first, because agriculture continues to be the most important single employer of labour (Chapter 1); and second, because it is the predominant occupation of the country's rural and poorer population.

Table 3.2: Dimensions of Poverty Incidence in Nigeria, 1998-2004

Dimensions of Poverty Incidence: Education						
	1980	**1985**	**1992**	**1996**	**2004**	**Contribution to Poverty in 2004***
No schooling	30.2	51.3	46.4	72.6	68.7	47.6
Primary	21.3	40.6	43.3	54.4	48.7	4.9
Secondary	7.6	27.2	30.3	52.0	44.3	30.1
Post secondary	24.3	24.2	25.8	49.2	26.3	4.3
All Nigeria	27.2	46.3	42.7	65.6	54.4	100*
Dimensions of Poverty Incidence: Occupation of Household Heads						
	Poverty Head Count					
	1980	1985	1992	1996	2004	
Professional & technical	17.3	35.6	35.7	51.8	34.2	
Administration	45.0	25.3	22.3	33.5	45.3	
Clerical & Related Jobs	10.0	29.1	34.4	60.1	39.2	
Sales Workers	15.0	36.6	33.5	56.7	44.2	
Service Industry	21.3	38.0	38.2	71.4	43.0	
Agricultural & Forestry	31.5	53.5	47.9	71.0	67.0	
Production & Transport	23.2	46.6	40.8	65.8	42.5	
Manufacturing & Processing	12.4	31.7	33.2	49.4	44.2	
Others	1.5	36.8	42.8	61.2	49.1	
Students & Apprentices	15.6	40.5	41.8	52.4	41.6	
Total	27.2	46.3	42.7	65.6	54.4	
Dimensions of Poverty Incidence: Household Size						
No. of Persons	Poverty Head Count					
	1980	1985	1992	1996	2004	**Contribution to poverty in 2004**
1	0.2	9.7	2.9	13.1	12.6	0.6
2-4	8.8	19.3	19.5	51.5	39.3	19.4
5-9	30.0	50.5	45.4	74.8	57.9	58.9
10-20	51.0	71.3	66.1	88.5	73.3	20.5
20+	80.9	74.9	93.3	93.6	90.7	0.6
All Nigeria	27.2	46.3	42.7	65.6	54.4	100.0

Source: NBS.

Household size

Poverty incidence has also been found to increase with household size. A household size of four and above has poverty incidence that exceeds the national average. Indeed, household size of nine and above constitutes over 70 per cent of poor households and over 90 per cent of poor households have a size of 20 and above. On contribution to poverty, household sizes of 5 to 9 contributed 59 per cent in 2004, followed by household size of 10 to 19 (20%) (Table 3.2).

Age

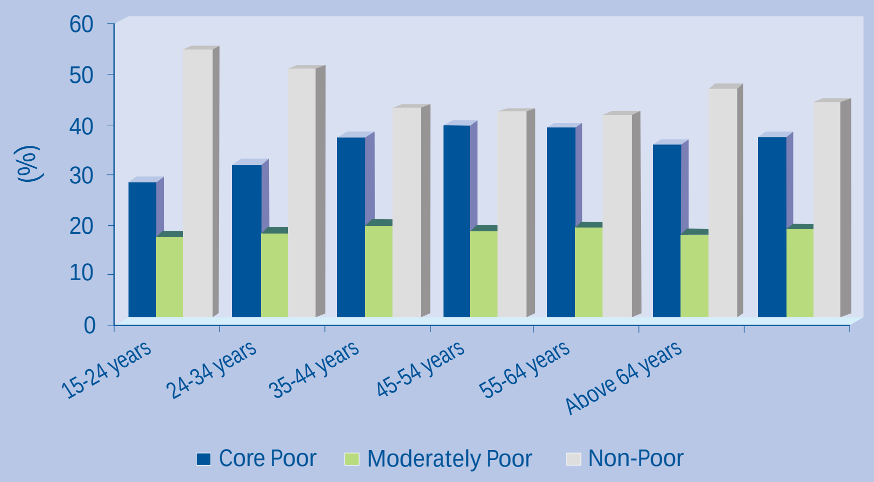
Poverty incidence declines with age in Nigeria. Using the agricultural population (Figure 3.3), the proportion of non-poor is higher (40 per cent and above) for age 60 and upwards compared to all younger categories. This appears rather counter intuitive but could be explained in terms of the decline in responsibility/household size that typically attends old age, and the fact that older people usually enjoy transfers from their adult children.

Income varies by gender. At the national level, females earned about 45 per cent of their male counterparts' incomes. It is only in Abuja, the South South and the South West that women's earnings are above the $1.25 per day global extreme poverty benchmark. The share of female earnings to male income is higher than the national average of 44.6 per cent in southern zones (South East being the highest at 79.5 per cent) while all the northern zones are generally lower (North East being the least at 13.8 per cent) (Figure 3.4). This suggests higher poverty prevalence for women and a major dimension of gender inequality in the country.

There is, however, another dimension to gender-related poverty in the country. Female-headed homes are theoretically prone to poverty, but in Nigeria this is not very evident because of the rising trend of single mothers who are educated and employed (Figure 3.5). An explanation for this could be that female-headed households constitute only 16 per cent

The key correlates of poverty are education, occupation, household size and age. The Nigerian reality shows that: (i) the higher the educational attainment, the lower the incidence of poverty; (ii) households whose heads are farmers have the highest likelihood of being poor; (iii) poverty declines with age because the elderly enjoy transfers from their working children; and (iv) female-headed homes are theoretically prone to poverty, but in Nigeria this is not very evident because of the rising trend of single mothers who are educated and employed.

Figure 3.3: Relative Poverty among Agricultural Population, 2004



Source: NBS, NLSS 2004

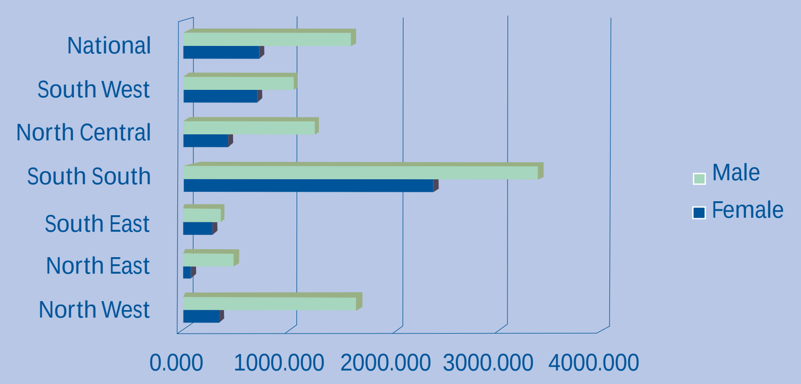
of total households and most of them are educated and in relatively good employment. This may be an upshot of the wave of single parenthood that is currently on the rise in the country. For a variety of reasons larger numbers of younger and educated women are running their lives and homes alone. In the traditional setting, women rarely head households except as widows who refuse to re-marry.

Infant and under-five mortality rates which have been resilient over the past years have started to decline: infant (from 110 to 75/1000LB) and under-five (from 197 to 157 live births/1000LB).

3.4. Child Poverty

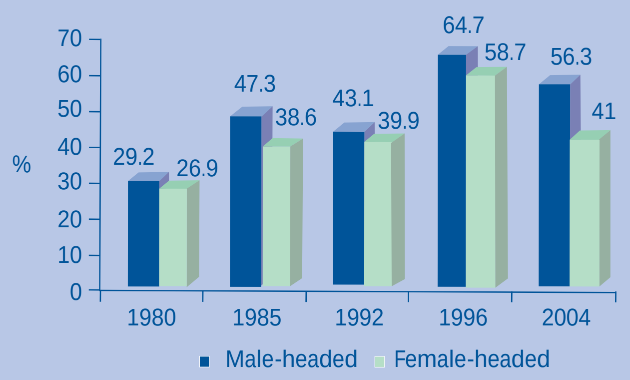
Child poverty has emerged as a major development concern in recent years. Child poverty refers to deprivation for young people below the age of 18. It is the significant lack of basic needs required for the healthy physical, mental, emotional and spiritual development of the child. It depicts a situation where children do not have access to enough resources to grow healthy and strong, to get education, to live in a good and safe environment and to fulfil their potential. The poverty of children is a derived outcome from the poverty of the adults that have direct control over them (inter-generational poverty). Children born into poor households enter into poverty by virtue of their family's economic circumstances, which they cannot immediately alter themselves until they approach adulthood.

Figure 3.4: 2007 Estmated Earned Income, by Gender (US$)



Source: Human Development Index, 2008

Figure 3.5: Poverty and Gender of Households, 1980-2004



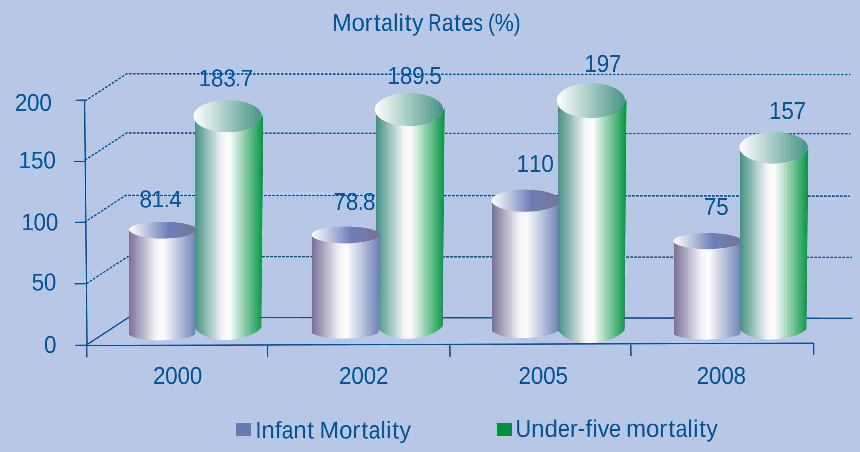
Source: National Bureau of Statistics (NBS}, National Living Standards Survey {NLSS) 2004

Data on child poverty in Nigeria is very limited. Important manifestations of child poverty are the prevalence of underweight children and child mortality. The proportion of underweight children (partly a reflection of the income and educational status of parents) has been falling since 1990. It fell steadily from 35.7 per cent in 1990 to 30.0 per cent in 2004, 25 per cent in 2007 and 23.1 per cent in 2008. The appreciable reduction in the level of underweight children has not really translated into substantial reduction in mortality rates (until very recently). The infant mortality rate, for instance, was almost stagnant between 2000 and 2002 but worsened from 78.8 live births per 1,000 in 2002 to 110 per 1,000 live births in 2005. However, the 2008 NDHS points to significant improvements in infant mortality rate, down to 75 in 2008, with under-five mortality rate also improving from 197 per 1,000 live births in 2005 to 157 in 2008 (Figure 3.6). This notwithstanding, the achievement is still far from the MDG target for 2015.

In fact, not until the 2003/2004 National Living Standards Survey was child poverty explicitly included in official statistics. Table 3.3 shows that of the 59.1 million children in Nigeria in 2000, 44 per cent, 26 per cent and 45.1 per cent suffered from water, sanitation, and shelter deprivations, respectively. The low income earned by households is itself one of the causes of child labour (Box 3.1). A deeper analysis of poverty incidence in 2005 shows that 11 per cent of households with children under 7 years of age went hungry due to lack of money to buy food. Indeed, a study has shown that one of the reasons for child poverty is the high level of unemployment in the country. Another study of child welfare and poverty in Nigeria found that the attendance of children in school increases from primary to junior secondary school stages but begins to decline from the senior secondary school stage. In addition, it found that children in senior secondary schools were more likely to participate in economic activities like hawking than any other group of children. In gender terms, 78 per cent of female children concentrated only on attending school without work compared to 74 per cent of male children.

Child poverty has become recognized as a social issue in Nigeria. About 11 per cent of households with children under 7 years old went hungry due to lack of money to buy food and 25 per cent of children are stunted due to malnutrition. Also, of the 59.1 million children in Nigeria, 44 per cent, 26 per cent and 45.1 per cent suffered from water, sanitation, and shelter deprivations, respectively.

Figure 3.6: Infant and Under-Five Mortality Rate, 2000 to 2008



Source: 2008 MDGs Mid Point Assessment and 2008 NDHS.

Table 3.3: Child Poverty Indicators in Selected African Countries

Country	Child<18 Population (000s (2000)	% Water Deprived	% Sanitation Deprived	% Shelter Deprived	% Information Deprived	% Education Deprived	% Food Deprived	% Health Deprived	% Severely Deprived	% in Absolute Poverty	% Urban Children Absolute Poverty	% Rural Children Absolute Poverty
Cote d'Ivore	7943	21.1	42.2	30.2	37.3	40.7	13	26.4	72	47.3	13.7	66.4
Ghana	9303	50.8	25.6	29.1	37.4	14.8	10.8	10.3	77.7	47	18.7	58.1
Kenya	15705	63.1	17.1	74	29.3	6	13.6	41.3	86.8	65.8	19.8	73.7
Nigeria	59108	44	26	45.1	35.4	22.1	16	39.7	78.8	52.6	22.1	64.5
South Africa	17589	28.5	16.2	25.8	12.9	2.1	…	3.5	45.5	24.3	3.9	42.2

Source: Appendix Table A1b

Box 3.1: Some Salient Features of Child Labour and Poverty in Nigeria

A recent national child labour survey in Nigeria found that of the 38,061,333 children aged 5-17 years covered in the survey, 39.4 per cent were outside the school system. Of this figure, 13.1 engaged in economic activities and 26.3 per cent were domestic helps. Only 57.5 per cent concentrated on their schooling alone. The survey found that 80.9 per cent of all children attended school, of which 8.5 per cent engaged in economic activities, and 14.9 per cent in non-economic activities (housekeeping).

There are gender, regional, sectoral and household size differences in incidence of child labour. For example, for children who attended school, the national figures for the highest percentage of children who worked 15 hours and above (and, therefore, constituted child labour) are in households of 7 to 10 persons (43.8 per cent); 26.2 per cent are in households with 5-6 persons; and 16.3 per cent in households with 11 persons and above. Child labour tends to be higher in the rural areas and among female children. The same pattern is depicted in the report for children not in school.

The low income earned by households is one of the reasons for engaging children in child labour. At the national level, it was found that the highest percentage (21.2 per cent) of children who worked 15 hours and above and were schooling, belonged to rural households with an average monthly expenditure of between N5,000.00 and N9,999.00 followed by households with N4,000.00-N4,999.00 monthly expenditure. A similar pattern is evident in the urban areas, zones, age groups, and genders of the children.

The survey also indicates that, at the national level, 61.1 per cent of the children in economic activities saved part of their monthly income to "go to school" while 12.7 per cent saved "to start own business", and 26.2 per cent saved for other reasons. It is obvious, therefore, that a major step in eradicating child labour and child poverty is to tackle household poverty and improve access to education.

At the regional level, the study shows that over 89 per cent of children in the southern zones attended school (without working) compared with 74 per cent in the northern zones, indicating that northern children were relatively more educationally disadvantaged. Also, more idle children (those who neither go to school nor work) were recorded in the northern zone than in the south. Those children who dropped out of school had the same reasons for doing so in both regions, namely, poverty and poor performance. Child labourers were also involved in farming, water fetching, domestic sweeping, hawking and load carrying (porterage) both in the south and in the north. Overall, activities that encourage child labour are more prevalent in rural than in urban areas.

3.5 Non-Monetary Metric Measures of Poverty

Non-monetary metric measures of poverty have gained prominence in recent years and core welfare indicators have been designed to gauge the extent of the "feeling" of well-being in the population. In addition to the child mortality rates examined above, Table 3.4 also shows that, in 2006, whereas 62 per cent of male-

Regional statistics show that the northern zones are relatively more educationally disadvantaged. The ratio of children who attend school in the south and those in the north without combining it with work is 89 per cent to 74 per cent, respectively.

Table 3.4: Nigeria: Core Welfare Indicators, 2006

	Total	Rural	Rural Poor	Urban Poor	Urban Poor	North East	North West	North Central	South East	South West	South South
Households Self Classified as Poor											
All Households	62.6	65.6	82.7	56.8	77.7	75.6	49.2	61.5	75.6	60.5	64.2
Male-Headed Households	61.6	64.2	81.4	56.2	77.3	75.4	49.1	61.0	73.7	59.6	63.2
Female-Headed Households	68.8	74.7	88.7	60.0	78.7	79.2	52.2	65.0	81.6	63.6	67.3
Difficulty Satisfying Households Foods	13.9	14.5	22.4	12.8	26.9	12.5	9.5	7.2	25.4	13.0	18.5
Household Infrastructure:											
Secure Housing Tenure	43.6	46.8	36.2	37.3	32.2	34.5	52.2	53.2	47.8	36.9	36.9
Access to Water	84.4	80.1	62.0	92.8	55.9	89.4	92.6	80.5	63.6	93.6	78.5
Safe Water Source	50.9	39.6	18.9	72.8	28.5	30.3	50.2	48.5	40.3	73.1	45.5
Safe Sanitation	13.8	5.6	0.5	29.7	2.6	3.0	4.4	9.8	19.7	23.1	19.3
Improved Waste Disposal	15.8	4.7	1.6	37.3	1.9	6.1	10.6	8.7	8.9	35.5	13.0
Has Electricity	54.1	38.1	12.1	85.3	29.8	29.5	36.9	43.9	63.9	78.1	61.2
Education:											
Adult Literacy Rate-Any Language (15-24)											
Total	64.2	56.9	42.5	78.6	50.7	40.7	51.9	57.9	74.7	78.5	76.3
Male	73.0	66.7	51.8	85.2	58.9	50.6	62.8	69.0	81.3	85.9	84.2
Female	55.4	47.3	33.8	71.8	43.2	30.4	40.9	46.1	68.8	71.3	68.4
Primary School:											
Access to School	74.6	70.5	39.6	85.6	34.4	70.2	74.7	78.8	59.8	87.5	70.3
Secondary School:											
Access to School	46.3	36.6	9.6	68.2	13.4	35.3	42.5	46.8	31.9	68.6	47.1
Medical Services:											
Health Access	54.1	46.6	15.3	69.7	15.3	47.3	54.2	60.1	36.4	72.3	44.6
Need	8.2	8.1	9.3	8.3	9.5	7.0	6.1	7.0	14.6	7.9	8.9
Use	8.1	7.7	8.4	8.8	8.5	6.4	5.4	6.9	14.4	8.9	9.0
Satisfaction	66.9	62.6	59.1	75.0	57.4	62.6	62.5	66.9	64.8	81.5	57.8
Child Welfare and Health:											
Child under 5											
Birth Registration	30.2	21.3	13.4	50.3	20.1	18.9	15.8	28.7	45.9	55.1	32.2
Male	30.3	21.6	13.4	50.0	25.2	19.4	16.0	28.8	47.2	54.7	32.1
Female	30.1	20.8	13.3	50.6	16.5	18.5	15.3	28.5	44.7	55.4	32.2
Fully Vaccinated	27.3	20.8	19.1	42.3	31.5	17.8	11.1	32.3	44.4	54.4	26.8
Not Vaccinated	18.5	21.4	29.2	11.5	22.8	22.2	29.3	14.0	11.3	6.0	12.5
Gender:											
Access to Credit Facility	9.4	29.0	27.8	40.0	43.7	1.7	2.0	14.5	58.3	65.0	46.7
Male	10.1	8.8	6.0	10.5	5.0	5.1	6.3	13.5	7.4	14.0	8.6
Female	8.6	9.6	6.6	11.2	5.5	6.3	8.2	13.9	8.3	13.9	8.9
		8.0	5.5	9.8	4.4	3.9	4.4	12.9	6.6	14.1	8.3

Source: NBS (2006) Core Welfare Indicators Questionnaire Survey Report 2006 headed households considered themselves to be poor, 69 per cent of female-headed households considered themselves poor. In terms of household infrastructure, 57 per cent of households could be considered housing-poor, as only 43.6 per cent possessed secure housing tenure. Interestingly, by this self-assessment measurement, the population in the northern zones generally considered themselves less poor than their counterparts in the south.

These non-income indicators also show that poverty is deeper in rural areas.

3.6. Determinants of Poverty in Nigeria

To shed further light on the dimensions of poverty in Nigeria and to quantify their strength empirically, the results of a simple regression analysis are reported here. Using total household expenditure as an indicator of well-being, a multivariate analysis was carried out. The indicator, transformed into logarithms, was regressed on a set of hypothesized determinants of poverty, namely, age and education of household head, household size, occupation and sector of residence.

Education, being a measure of human capital, is hypothesized to be positively correlated with income, and therefore welfare. It follows that the more educated the household head, the less the probability of the household falling into poverty. Years of educational attainment of household head is used for this purpose. Household size influences household welfare. The larger the size of the household, the larger the resources required to meet basic needs of food and other necessities. It is, therefore, often hypothesized that the larger the household size the higher the likelihood of falling among the poor. Household size-squared is also included, because the relationship between expenditure and household size seems non-linear. Age of household head also influences household welfare. Welfare rises with age as more human capital (education and/or working experience) is accumulated. Income, however, tends to fall after retirement and when in old age. It is for this reason that a negative correlation is usually hypothesized to exist between income and the quadratic of age. The occupation of household head is equally expected to influence household welfare. Lastly, sector of residence, urban versus rural, was also considered to ascertain the influence of location on poverty. A dummy variable was used: 1 if rural, and zero if otherwise.[1]

The results show that welfare rises with the level of education. The coefficient is positively signed and statistically significant. It implies that the less educated the head, the greater the likelihood that the household will be poor. As expected, the results indicate that expenditure-based welfare tends to be significantly lower among larger households. Indeed, it is the most statistically significant determinant of welfare of the variables considered. The implication is that the larger the household size, the higher the probability of falling into poverty. The results also indicate that as household size declines over time, household welfare improves, as implied in the statistically significant negative correlation between Total Household Expenditure (THE) and household size

[1]Based on the above theoretical arguments, the estimated equation is Log THE = $a_0 + a_1 Age + a_2 Age^2 + a_3 Edu1 + a_4 Edu2 + a_5 Edu3 + a_6 Size + a_7 Size^2 + a_8 Rural^+ a_9 Occup1 + a_{10} Occup2 + a_{11} Occup3 + a_{12} Occup4 + a_{13} Occup5 + U$; where THE is total household expenditure; Edu1 is primary school education; Edu2 is secondary school education; Edu3 is tertiary school education; Occup1 is unemployed; Occup2 is paid employee; Occup3 is self employed; Occup4 is paid family worker; and Occup6 is unpaid worker; and U is an error term.

squared. Age of household head seems to play a less important role in determining welfare due to the low value of its coefficient; but it is a significant factor. The same observation applies to the age-squared coefficient. Nonetheless, the negatively signed age^2 coefficient is consistent with the hypothesized relationship that income tends to fall after retirement and when in old age.

All the types of occupation used in the model have positive signs except unpaid employee which has a negative sign. All are also significant except paid family employee which has a positive but insignificant sign. It implies that paid family employment does not have an important influence on household welfare. In other words unemployment and unpaid family employment suggest a higher probability of being poor.

Lastly, sector of residence is also an important determinant of poverty in Nigeria. With a negative and statistically significant coefficient, the result suggests that being a rural dweller raises the probability of being poor. This has further implication for the occupational dimension of poverty. Since most rural dwellers will likely work in agriculture, this result confirms that poverty is more prevalent among those who work in the agricultural sector. Hence, the affirmation that poverty in Nigeria is more of a rural phenomenon.

The regressions of the model were also run independently for the six geo-political zones in Nigeria. The results are presented in Table A3 in the Appendix. As in the general regression, the R- squared is low for all the zones. South West has the highest R-squared of 40 per cent while others are less than 30 per cent. For the North Central, age has a negative and significant sign, all the categories of education have positive and significant signs, household size has a negative and significant sign and residence in rural area has a positive and significant sign. The signs of all coefficients except residence in rural area conform to expectation. This implies that the income of households tends to fall with an increase in age and thus the probability of being poor is high at old age. Income increases as level of schooling increases, hence the higher the education of household head, the lower the probability of being poor. From the result, residence in rural areas does not imply poverty in the North Central zone of Nigeria. Self-employment and unpaid employment are not statistically significant, though they have the right signs. The coefficient of household head being employed and in paid employment has the correct signs and is significant. Paid family worker has negative but significant sign.

Contrary to expectation, all categories of occupation in the regression of South South have negative sign. However, all the signs are not statistically significant except for unpaid worker. All levels of schooling are positively related to level of household income in South South, while age and size of household are inversely related to household income. Residence in rural areas has a negative sign that is significant at 10 per cent. This implies that living in rural areas increases the probability of being poor in the South South.

In the South East, regression results for age^2, residence in rural areas and all categories of occupation except unpaid worker are not statistically significant. Age^2, all levels of schooling, household size and paid family employment have the correct signs. In the case of the South West, the result shows that age of household head, size of household, residence in rural areas, paid family employment and unpaid employment are all negatively related to household income. On the other hand, levels of schooling, employed household head, paid employment and self-employment are positively related to household income.

The result of regression for the North East gave a positive coefficient for age of household head in contrast to the expected negative sign. Household size, residence in rural areas, and unpaid employment are all negatively related to household income. All levels of schooling and all categories of occupation except unpaid employment are positively related to household income.

The last set of regressions is for the North West zone in which age^2, household size, residence in the rural areas, and unpaid employment are negatively related to household income. Increase in any of these variables will lead to higher probability of poverty. Levels of schooling and all categories of employment except unpaid employment are positively related to household income. This implies that increase in these variables result in less poverty. The intercepts for all the regressions start from almost the same level; this implies that there is a threshold of poverty in Nigeria as a whole and across zones.

In urban areas, increase in age of household head raises the probability of being poor (Table A4). The level of schooling improves household income and results in less poverty. The size of the household influences household income negatively, thus, a larger household will imply higher poverty. Occupation of household head apart from paid family employment and unpaid employment are positively related to income. On the other hand the regression results for rural areas show a contradictory sign for age of household. It shows a positive relationship for both age and age^2 with household income. Household size is negative, education of household head is positive, and all categories of occupation except unpaid employment are positively related to household income.

These results agree in large part with and reinforce the findings of other reports that employed qualitative techniques (Nigeria Poverty Assessment by NBS, 2007). The results suggest that the prioritization of human capital development by the present administration is a step in the right direction. Significant improvement in funding education and health and other policy priorities in the 7-Point Agenda hold great promise for reducing poverty among children and adults. Of course, the focus on infrastructure is appropriate and could deliver quick improvements in the poverty situation, particularly if rural areas are not neglected in the course of implementation. Roads, electrification, information and communication are some of the critical areas of intervention in the rural sector. In reality, the federal government would need to collaborate with the sub-national governments on these.

Many policy implications arise from the discussion so far: (i) there should be significant improvement in funding and efforts should be made to create a suitable

Prioritization of human capital formation and development holds the key to the elimination of poverty. Significant improvements in education funding and other policy priorities in the 7-Point Agenda hold great promise for reducing poverty among children and adults. The focus on infrastructure is appropriate and could deliver quick improvements in the poverty situation.

suitable environment for functional education; (ii) there is a need for more education on family size and opportunities for family planning to help families choose the size of family they can best manage; (iii) policies that will generally reduce poverty among adults need to be strengthened because of their effect on children and pensioners; (iv) public investment in rural infrastructure needs to be increased, especially rural road projects, electrification and information and communication technology. In all of this, effective collaboration between the three tiers of government would be necessary to uplift the rural economy. Focused support for agriculture and farm income in the form minimum price guarantees and crop specific promotional investments may be necessary short-term measures.

3.7. Poverty and Inequality Exhibit Common Correlates in Nigeria

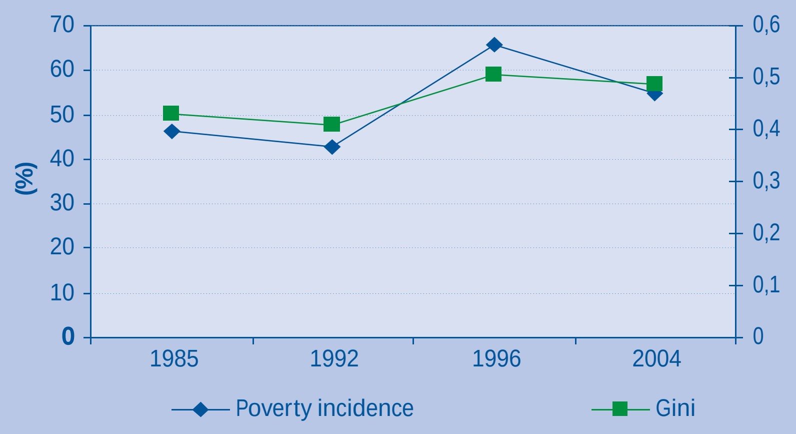
In Nigeria, poverty and inequality share some very important correlates: education, age, occupation and gender. To that extent, it could be argued that the various measures of poverty incidence correlate with the key dimensions of inequality in the country. To verify this formally, the approach here first relates the Gini index to poverty incidence. The second relates changes in the Gini index and poverty incidence. Due to the existence of few data points at the national level, a final conclusion on this association remains somewhat elusive. Figures 3.5 and 3.7 however offer some clue.

Figure 3.7 shows the trend of the national poverty index and the national measure of inequality have tended to move in the same direction.

In Figure 3.8, changes in poverty also appear to follow changes in inequality. State level data (Fig. 3.9), however, are much less suggestive of a similar pattern or trend between the incidence of poverty and inequality.

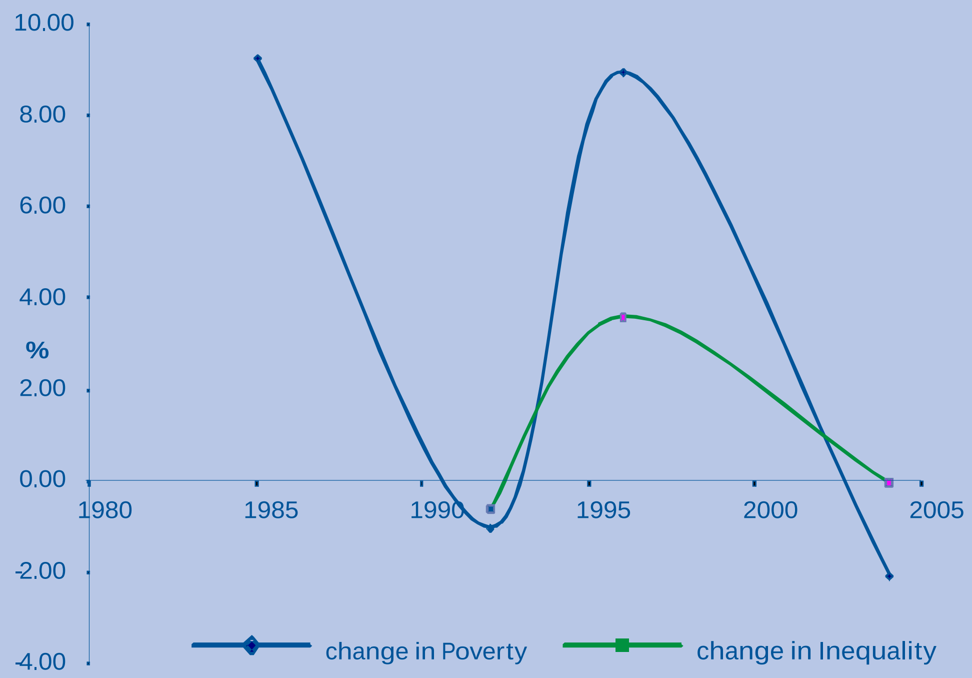
Poverty and inequality in Nigeria share some very important correlates in education, age, occupation and gender.

Figure 3.7: National Poverty Index and Gini Index



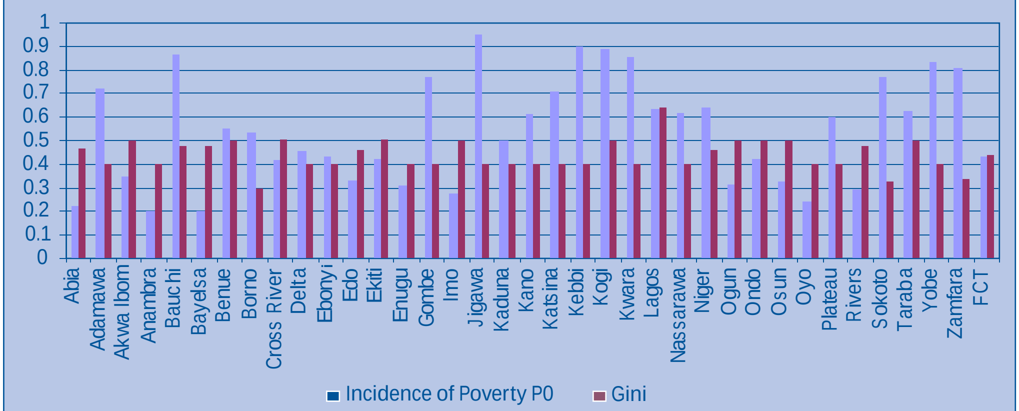
Source: NBS.

Figure 3.8: Comparison of Poverty and Inequality



Source: NBS, Human Development Index, 2008

Figure 3.9: Poverty & Inequality indices across States



Source: NBS, Human Development Index, 2008

4

Economic Growth, Poverty and Inequality in Nigeria

Changes in poverty and inequality move in the same direction, suggesting that as inequality deepened, the poverty situation deteriorated further; and economic growth and poverty move in opposite directions, implying that as growth improves, poverty incidence reduces.

4: Economic Growth, Poverty and Inequality in Nigeria

4.1 Introduction

The link between growth, poverty reduction and inequality is natural, to the extent that the evolution of growth is closely tied to the evolution of both poverty and inequality reduction. This implies that the promotion of growth constitutes an important medium for the reduction of poverty and inequality. However, there is a growing body of evidence that seems to suggest that economic growth constitutes only a necessary but not sufficient condition for the reduction of poverty.

The earliest formulations of the relationship between growth and inequality posited that inequality would first worsen before declining in the course of growth.[1] This was rationalized on the basis of savings-focused theories which, drawing on differential savings propensities, suggest that a greater share of income would need to be distributed in favour of groups with a higher marginal propensity to save, namely, the upper and middle income groups. However, econometric analysis for developing countries has shown that the marginal propensity to save is only weakly influenced by income level[2]. Furthermore, empirical findings have also suggested negative effects of inequality on growth with the implication that inequality inhibits growth.

The interaction of inequality with imperfect markets or with unaccountable or incompetent governments or weak institutions[3] may harm growth. Directly, high inequality creates conditions that lead to or exacerbate poor governance and thus poor economic policy and ineffective policy implementation that can frustrate growth.

Given that sectors react differently to growth-inducing policies, it is expected that inequality will increase in fast growth economies, thus featuring the pattern hypothesized by Kuznets, if sectoral growth rates are higher in the non-agricultural sector than in the agricultural sector; if the poor tend to be concentrated in the agricultural sector; and if the sectoral structure of employment does not change.[4] This suggests that specific interventions are needed to accelerate growth in the agricultural sector and to increase sectoral labour mobility to allow the poor to share from the growth process through the creation of appropriate skills which serve as a critical barrier preventing the poor from connecting to the growth process. Generally, the notion that inequality harms poverty while growth helps is not in dispute. The absence of one-to-one correlation between growth and poverty reduction may be accounted for by the intervening influence of inequality and its determinants as well as those factors through which growth can positively impact on poverty such as employment.

4.2. Relationship between Growth, Inequality and Poverty

Figures 4.1 and 4.2 show two key relationships. First, changes in poverty and inequality move in the same direction suggesting that as inequality deepened in Nigeria, the poverty situation deteriorated further; and second, economic growth and poverty move in opposite directions implying that as growth improves in the

Changes in poverty and inequality move in the same direction, suggesting that as inequality deepened, the poverty situation deteriorated further; and second, economic growth and poverty move in opposite directions, implying that as growth improves, poverty incidence reduces. Therefore, poverty reduction may be achieved either by accelerating growth or reducing inequality or both.

[1] This can be traced to the seminal work of Simon Kuznets (1955).
[2] Addison and Cornia (2001:7)
[3] This view is from new political economy models and capital market imperfection models (see Birdsall 2000)
[4] Deininger and Squire (1996), Chen and Ravallion (1997), Easterly (1999) and Dollar and Kraay (2003)

Figure 4.1: Poverty and inequality

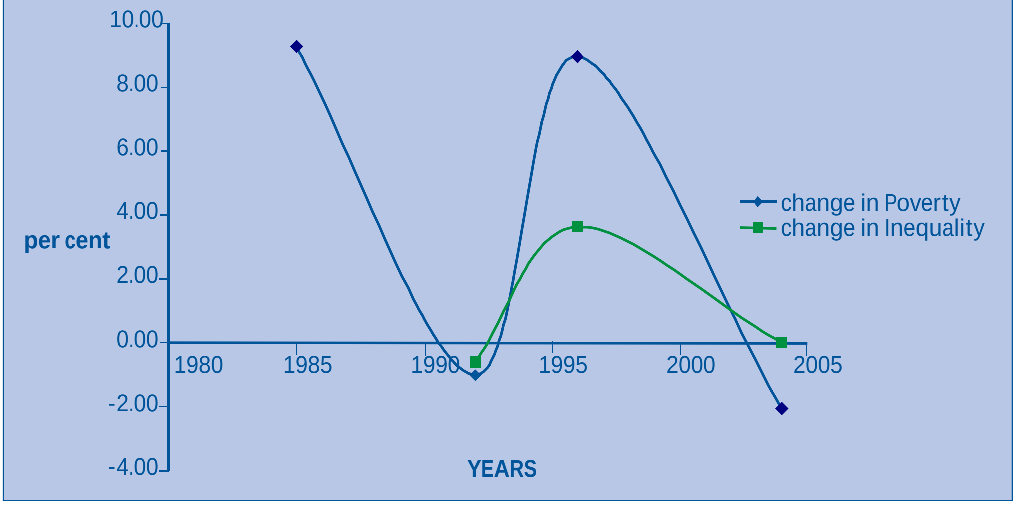
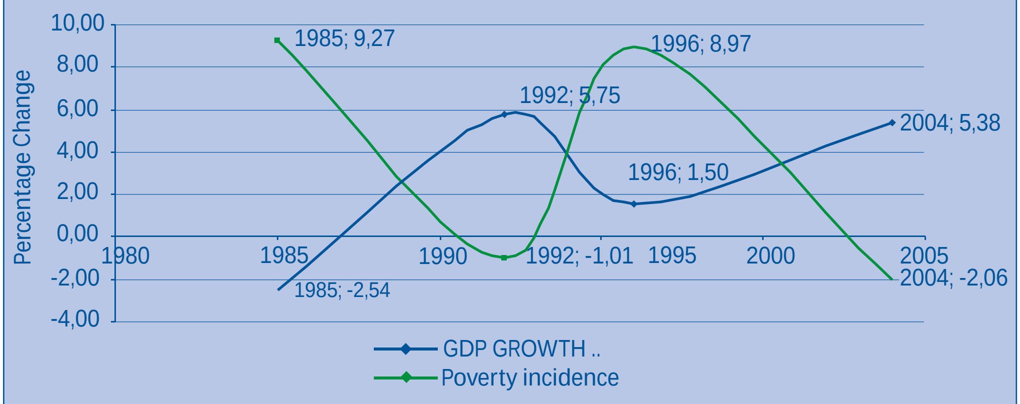


Figure 4.2: GDP Growth and Change in Poverty Incidence



country, the incidence of poverty begins to fall.

From the standpoint of these relationships, poverty reduction may be achieved either by accelerating growth or reducing inequality or, preferably, by doing both. Whether pursuing both faster growth and reduction in inequality at the same time is feasible in the Nigerian context will be addressed in the next section.

4.3. Factors Determining the Relationship between Growth, Inequality and Poverty

The relationship between growth, inequality and poverty was tested using a simple analytical model adopted for Nigeria.[5] The model tests for correlation between changes in the Gini coefficient and growth in mean income or consumption. Since the interest is on the effect of growth on inequality and poverty, the ideal

[5] Analytical model developed by Ravallion (2001) was adopted.

Box 4.1: Vietnam: Growth with Equality Leads to Dramatic Success in Reducing Poverty

Over the last 15 years, Vietnam has achieved one of the world's fastest declines in poverty. Vietnam's income poverty rate declined from about 58 per cent in 1993 to about 16 per cent in 2006 and some 34 million people have come out of poverty. Steady and rapid growth in income, of 7-8 per cent, has been a key factor in reducing poverty.

The high growth rates have been accompanied by only limited increases in inequality. The Gini coefficient increased from 0.34 in 1993 to 0.36 in 2006, a much lower increase than in many other emerging economies. Growth and poverty reduction have come in both rural and urban areas. While urban poverty is much smaller (about 4 per cent in 2006) rural poverty has declined from two-thirds of the population in 1993 to about one-fifth today. The reduction in poverty occurred in all parts of the country. Poverty is much lower in the Mckong and Red River delta than in other parts of the country, but the decline in poverty has also been felt in the Northern Mountains and Central Highlands where poverty is relatively higher. Three factors have led to Vietnam's inclusive growth: literacy, trade, and infrastructure.

Vietnam's drive towards literacy began as early as 1945 and was reinforced throughout the 1970s and 1980s. A final major push for universal literacy was made between 1990 and 2000, when provincial and commune level literacy campaigns were launched. Today Vietnam has achieved over 95 per cent literacy. Access to schools has improved dramatically, with average travel time to lower secondary school down to 15 minutes.

measure of growth would be GDP growth rate. However, the fact that the mean from income surveys is consistent with the data used to calculate poverty and inequality measures makes it more appropriate for measuring the growth rate. This, however, has its limitation, which derives from the likelihood of getting a spuriously high correlation between poverty and inequality measures and the means of the distributions on which they are based.

Three elements define the growth-inequality-poverty relationships in Nigeria. These are low poverty elasticity of growth; low growth elasticity of employment; and gender inequality (see Chapter 2).

Poverty Elasticity of Growth

On the low poverty elasticity of growth, three kinds of correlation analyses were conducted to test the effect of growth on poverty based on three types of data: GDP growth, growth of survey mean of household income, and states' measure of economic activity. For the survey mean, the correlation is -0.5 and for the GDP growth it is -0.037. These results suggest that poverty falls with growth. Correlation analysis carried out to test for the relation between growth and inequality shows correlation coefficients of 0.132 for GDP growth and 0.212 for survey mean of household income, suggesting a situation in which inequality rises with growth.

The correlation of states' inequality and poverty data indicates the existence of a negative relationship between poverty incidence and poverty gap and inequality,

The three cardinal elements that define the growth-inequality-poverty relationships in Nigeria are low poverty elasticity of growth, low growth elasticity of employment, and gender inequality.

Table 4.1: Pearson Correlation of States' Measures of Economic Activity, Poverty & Inequality

		POVINC	POVGAP	POVSEV	GINI	SGDP
POVINC	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	37				
POVGAP	Pearson Correlation	0.895**	1			
	Sig. (2-tailed)	0				
	N	37	37			
POVSEV	Pearson Correlation	0.838**	0.988**	1		
	Sig. (2-tailed)	0	0			
	N	37	37	37		
GINI	Pearson Correlation	-0.277	-0.126	0.069	1	
	Sig. (2-tailed)	0.097	0.458	0.687		
	N	37	37	37	37	
SGDP	Pearson Correlation	-0.143	-0.007	0.025	0.369*	1
	Sig. (2-tailed)	0.4	0.969	0.885	0.025	
	N	37	37	37	37	

Notes: SGDP is the measure of economic activity at the state level; POVIC is poverty incidence; POVGAP is poverty gap; POVSEV is poverty severity; and GINI is Gini coefficient.
*'**' significant at the 0.01 level*
Source: Computed from NBS, Poverty Profile 2004, and NBS, States' HDI data 2008.

implying that poverty is associated with inequality (Table 4.1). Also, indicators of poverty show that poverty severity is negatively associated with the measure of economic activity at the state level. This finding at the state level partially confirms the trend in the figures above and the result from GDP growth and survey mean correlations. In the case of the relationship between inequality and income, the correlation coefficient is positive, implying that income growth at the state level is associated with higher inequality.

A positive correlation between growth and inequality potentially means that some kind of trade-off has to be accepted. To reduce poverty, therefore, the choice would be between promoting growth and accepting as a consequence high inequality, or focusing on reducing inequality with growth remaining at current levels or less. Neither can achieve poverty reduction on a sustained basis without the other.

A positive correlation between growth and inequality potentially means that some kind of trade-off has to be accepted. To reduce poverty, therefore, the choice would be between promoting growth and accepting as a consequence high inequality, or focusing on reducing inequality with growth remaining at current levels or less. Neither can achieve poverty reduction on a sustained basis without the other.

The results may well be a reflection of some fundamental weaknesses in the management of resources and governance (economic and political) and institutional fragility. These weaknesses, as will become clearer in subsequent chapters, inhibit the effectiveness of distributional policies and mechanisms while promoting rent-seeking behaviours and corruption.

Employment Elasticity of Growth in Nigeria

Employment has been identified as the key channel in the growth-poverty reduction nexus. When poverty is viewed broadly to imply basic capability failures, and not just as low income, two channels can be identified that act as mechanisms for linking growth and poverty reduction. These are social provisioning and personal income with employment as a crucial variable that determines the personal income channel.[6] Three sets of factors affect the incomes of the poor namely, the growth factor, the elasticity factor, and the integrability factor. Variables relating to employment and the labour market are captured by the second and third factors. The elasticity factor represents a summary expression of the extent to which output growth leads to an expansion of employment. The integrability factor refers to the extent to which the poor are able to integrate into economic processes so that, when growth occurs and employment potential expands, they can take advantage of the available employment.

From the poverty reduction point of view, it is important for overall employment growth (employment elasticity) to be high; overall employment elasticity being a weighted average of sectoral elasticity. There is a growing consensus that high economic growth may fail to yield a commensurate rate of poverty reduction if it is not accompanied by rapid growth of productive and remunerative employment. This outcome derives from a number of factors. Economic growth may have low employment intensity arising from either one or a combination of factors, including: (1), if improvements in factor productivity are not associated with growth; (2) if there is no significant value addition; (3) if growth is not underpinned by intersectoral linkages through which growth in one sector transmits to expansion in another; (4) if growth occurs at the cutting-edge of technology, thereby releasing jobs for which the poor do not possess the necessary skills (a case of non-integrability); (5) if the employment impact of growth rate is offset by the countervailing contraction of employment induced by economic reform; or (6) if distributional policies are ineffective or undermined by corruption, leading to higher inequality.

From 2000 to 2007, the employment growth rate failed to keep pace with expansion in economic activity in the key sectors and overall. In the manufacturing sector, except in 2001 and 2003, employment growth rates were lower than sector growth rates. In agriculture, it was only in 2002 that employment recorded higher growth than the sector itself. Overall output grew faster than employment in all years (Table 4.2). This, in addition to low poverty elasticity of growth, largely explains the coexistence of high poverty incidence with the relatively high growth rates during the period.

Agriculture continues to dominate employment. Table 4.3 shows that 68 per cent of the rural poor are farmers. Table 4.4 shows that under-employment is significantly high, indicating that many poor people get engaged in certain activities out of sheer desperation, not necessarily in the hope of exiting poverty.

Agriculture continues to dominate employment; 68% of the rural poor are farmers.

4.4. Quantitative Analysis of Impact of Growth on Poverty and Inequality in Nigeria

The conceptual framework for this section is couched under equity-based economic growth and poverty nexus. Notice, however, that equity and poverty are multi-dimensional concepts. The concepts range from individual's monetary income, expenditures, basic needs and freedom to

[6] Osmani (2006)

Table 4.2: Employment and its Growth in Nigeria

	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture:								
1. Total Employment	23,433,000	23,870,000	26,840,000	27,840,000	28,438,560	29,016,653	30,682,234	31,277,967
2. Real Growth Rate of Employment	-	1.86	12.44	3.73	2.15	2.03	5.74	1.94
3. Real GDP Growth	2.90	3.90	4.30	6.98	6.29	7.06		7.43
Manufacturing and Production								
1. Total Employment	710,000	775,000	680,000	820,000	836,234	907,877	959990	821256
2. Real Growth Rate of Employment	-	9.15	12:26	20.59	1.98	8.57	5.74	14.45
3. Real GDP Growth	3.44	6.99	10.07	5.66	11.90	9.61	9.34	9.57
Total, All Sectors								
1. Total Employment	42,433,000	43,600,000	44,800,000	46,800,000	47,993,400	49,486,362	52,326,923	54,030,000
2. Real Growth Rate of Employment		2.75	2.75	4.46	2.55	3.11	5.74	3.25
3. Real GDP Growth	5.40	4.60	3.50	9.57	6.58	6.51	6.03	6.22

Source: NBS, Annual Abstract of Statistics 2006, Abuja.

Table 4.3: Percentage Distribution of Employed Population, by Type of Industry

	Total	Rural	Rural Poor	Urban	Urban Poor
Agriculture	39.3	51.1	68.1	13.8	33.6
Fishing	1.1	1.4	2.2	0.4	1.2
Manufacturing	4.5	3.8	2.1	6.1	3.7
Construction	2.4	1.9	1.2	3.4	2.9
Trade	24.3	19.4	11.6	35.1	30.3
Transport	3.3	2.4	1.2	5.4	4.3
Public Administration	3.7	2.4	0.8	6.5	2.6
Education	4.2	3.3	1.4	6.2	2.4
Health and Social Workers	1.6	1.1	0.4	2.7	1.1
Services	11.8	9.8	8	16.2	14.1
Others	3.7	3.5	3.1	4.1	3.8
Total	**100**	**100**	**100**	**100**	**100**

Source: NBS, CWIQ 2006.

ability to play an active role in the community. Accordingly, it is very difficult to use a single indicator to address all of the poverty issues. Nevertheless, the framework adopted is narrowed down to macroeconomic perspectives of poverty analysis in Nigeria which attempts to explain the relationships between economic equity-based growth and poverty within the macroeconomic context.

In conceptualizing this, the national h

Table 4.4: Labour Force Indicators for Nigeria, 2006

	Total Population				Head of Household			
	Active Population	Unemployment Rate	Under-Employment Rate	Total Unemployment	Active Population	Unemployment Rate	Under Employment Rate	Total Unemployment
National	67.6	5.3	20.2	25.5	90.1	1.8	22.2	24
Rural	68.8	4.3	20.5	24.8	90.7	1.4	23	24.4
Rural Poor	70.7	3.9	18.9	22.8	88.5	2	22.2	24.2
Urban	65.3	6.9	19.8	26.7	86	3.6	21.4	25
Urban Poor	65.3	6.9	19.8	26.7	86	3.6	21.4	25
North East zone	65.2	3.9	18.3	22.2	85.8	2.4	22.2	24.6
North West zone	63.4	2.2	21.7	23.9	92.2	1.1	23.9	25
North Central Zone	67.1	5.1	13.4	18.5	91	1.6	17.1	18.7
South East zone	68.3	6.8	22.6	29.4	88.4	1.2	24.2	25.4
South West zone	68.4	5.5	18.1	23.6	89.4	2	18.3	20.3
South South Zone	74.1	8.8	26.2	35	92.3	2.8	28.5	31.3
Male	71.6	5.4	22.1	27.5	91.3	1.7	22.6	24.3
15-24	36.9	14.7	18.1	38	80.8	4.4	24.7	29.1
25-34	82.4	8.2	25.6	33.8	94.2		26.1	26.1
35-49	96.1	2	23.6	25.6	96.5	1.5	23.3	24.8
50-54	92.2	1.3	21.2	22.5	92.4	1.3	21.2	22.5
60+	72.2	1.2	16.4	17.6	73.3	1.1	16.5	17.6
Female	63.6	5.3	18	23.3	83	2.2	19.5	21.7
15-24	37.5	13.3	16.3	29.6	55.9	20	23.6	43.6
25-34	70.2	6.8	19.2	26	90.7	5	25.4	30.4
35 49	81.4	1.9	18.9	20.8	95.5	1.8	23	24.8
50-64	82.4	1.1	17.4	18.5	88.9	1.8	19	20.8
60+	59.5	0.9	12	12.9	64.8	0.3	12.3	12.6

Source: NBS, CWIQ, Nigeria, 2006

economy is perceived as an entity. An entity is seen economically as a system which consists of various interrelated constituent parts in which their activities are interrelated through a set of simultaneous algebraic equations expressing the specific production processes or technologies of each industry.[7] Thus, the growth of output in the economy is analysed in two ways: the income and expenditure approaches. While the expenditure approach consists of intermediate sales, private and government consumption, inventory and investment, exports and imports, on the one hand, the income or value added approach comprises wages and salaries, operating surplus, consumption of capital allowance, indirect taxes, and subsides, on the other. Also, the analysis of the income and expenditure approaches includes the computation of real per capita consumption expenditure and real per capita income at the national level. The two variables, real per capita consumption expenditure and real per capita income, are compared with the identified poverty lines

[7]Todaro (1977)

in the economy, in order to determine the impacts of alternative policies and strategies of government on poverty reduction. In addition, the impacts of the alternative policies are examined on other macroeconomic and sectoral variables such as value added, domestic demand and the posture of government fiscal policies.

Economy-wide multipliers for poverty and income distribution analysis are constructed using the 2006 Input-Output (I-O) Table of Nigeria updated from the 2004 (I-O) Table of Nigeria and 2006 national accounts data produced by the National Bureau of Statistics. The framework for the economy-wide multipliers is the Social Accounting Matrix (SAM) that distinguishes between sets of endogenous and exogenous transactions and transfers between all economic agents in the Nigerian economy during 2006. In this framework, endogenous accounts are limited to production activity, commodity supply, labour, capital, and household incomes. Exogenous accounts are government transactions, investments and exports (Appendix Table A7). As usual, to analyse the consequences of additional injections of 100 units of government revenue, investments and exports on production activity, commodity supply, labour, capital and household incomes, the 2006 SAM-based multipliers assumed an excess capacity in all sectors and an under-utilization of production inputs.[8]

A point of caution however: the results of this exercise are at best suggestive of the potential impact of policy underpinned by some fairly stringent assumptions. In acknowledging recent improvements in the quality of national account statistics they are yet to fully embody all ideal properties for yielding highly dependable results when used in performing analysis of this kind. It should, therefore, not be surprising to find certain aspects of the reported results deviating partially or even significantly from the findings of other analyses that have adopted different methodologies, including some in this report. Thus, the SAM here is a work in progress, intended to offer some insights upon which subsequent improvements are to be expected. The preliminary results are presented in Table 4.5.

After obtaining the baseline solution er

Table 4.5: 2006 Social Accounting Matrix of Nigeria

Receipts/Expenditures	Activities	Comm.	Labour	Capital	House/hds	Gov	Cap.A/cs	ROW	Total
Activities		14291388						8599303	22890691
Commodities	4152713				12256388	1283403	1547995		19240499
Factor Labour	1639624								1639624
Factor Capital	16925181								16925181
Institution-Household			1639624	16925181		28192			18592997
Institution-Government	173174				163962				337136
Capital Accounts					6172646	- 4624651			1547995
Rest of World		4949111				3650192			8599303
Total Expenditures	22890691	19240499	1639624	16925181	18592997	337136	1547995	8599303	

Source: Computed from Appendix

[8] Powell and Round (1997), Round (2005) and Falokun (2005)

Table 4.6: Selected Multiplier of 2006 SAM

Total Activity Output	Government Expenditure Effects	Investment Effects	Export Effects	Total Effects
Total Agriculture	8	6	26	43
Crop Production	7	6	23	37
Livestock	1	0	2	3
Forestry	0	0	0	1
Fishing	0	0	1	2
Mining & Quarrying	9	8	30	47
Manufacturing & Processing	2	2	6	10
Building & Construction	0	0	1	1
Wholesale and Retail Trade	0	0	1	2
Utilities	1	1	3	5
Transport	0	0	1	2
Communication	4	4	13	21
Services	3	2	8	13
Total	**28**	**24**	**89**	**142**
Total Supply of Products				
Total Agriculture	**6**	**4**	**16**	**26**
Crop Production	5	4	13	22
Livestock	0	0	1	1
Forestry	0	0	0	0
Fishing	1	0	2	3
Mining & Quarrying	5	3	12	20
Manufacturing & Processing	9	6	22	36
Building & Construction	1	0	1	2
Wholesale and Retail Trade	0	0	1	1
Utilities	3	2	1	11
Transport	1	1	2	4
Communication	4	3	11	19
Services	4	3	10	16
Total	**32**	**23**	**81**	**136**
Factor Labour Income				0
Total Agriculture	**1**	**1**	**4**	**6**
Crop Production	1	1	3	5
Livestock	0	0	0	0
Forestry	0	0	0	0
Fishing	0	0	1	1
Mining & Quarrying	0	0	1	2
Manufacturing & Processing	15	13	47	75
Building & Construction	3	2	9	14
Wholesale and Retail Trade	0	0	0	0
Utilities	3	3	10	16
Transport	0	0	1	1
Communication	0	0	1	2
Services	5	5	16	26
Total	**28**	**24**	**89**	**142**
Factor Capital Income				
Total Agriculture	**9**	**8**	**28**	**46**
Crop Production	8	7	25	40
Livestock	1	1	2	3
Forestry	0	0	1	1
Fishing	0	0	1	2
Mining & Quarrying	11	9	33	53
Manufacturing & Processing	1	1	2	4
Building & Construction	0	0	0	0
Wholesale and Retail Trade	0	0	1	2
Utilities	1	1	2	3
Transport	0	0	1	2
Communication	4	4	13	21
Services	2	2	7	12
Total	29	24	89	142
Household Income				
Urban	33	23	83	138
Rural	3	2	6	11
Total	36	24	89	149

Source: NHDR Team 2008/2009

(See Appendix Table A8), a simulation involving the injection of 100 units of income (government transactions, investments and exports) on the endogenous accounts (activity output, commodity supply, labour, capital and household incomes) was attempted through the exercise. The multiplier effects of this intervention are presented in Table 4.6.

Analysis by activity output shows that the total activity impact is 142; composed of exports (89), investments (24) and government transactions (28). The largest impact will be felt by mining and quarrying (47), followed by crop production (37). The aggregate value for the agricultural sector is 43. Other relatively significant sectors are communication (21), services (13) and manufacturing and processing (10). This result is expected, given the current structure of the Nigerian economy which is dominated by a mono-product (crude oil) in exports and revenue generation.

Analysis by commodity supply shows that an injection of 100 units of income will amount to 136 of which exports is 81, investment is 23 and government transaction is 32. The highest impact is felt in manufacturing and processing (36) followed by crop production (22), mining and quarrying (20), communication (19) and services (16). The total value for agriculture is 26. These results corroborate earlier studies which claim that domestic consumption of manufactured goods accounts for close to half of total absorption in the nation's economy.[9]

The results obtained by labour income shows that an injection of 100 units of income will amount to 142 of which export is 89, investment is 24 and government transaction is 28. Manufacturing and processing has the greatest impact (75), followed by services (26), utilities (16) and building and construction (14). The aggregate value for agriculture is 6.

In terms of capital, an injection of 100 units of income will result in a total of 142, broken down thus: induced by exports (89), investments (24), and government transactions (29). The greatest impact is in mining and quarrying (53), followed by crop production (40), communication (21) and services (12). The total value for agriculture is 46. This result further corroborates earlier findings that the mining and quarrying sector is capital intensive with weak output-employment linkage effects.[10]

Analysis by household incomes shows that an injection of 100 units of income will amount to 149 of which urban income is 138, while rural income is 11. Urban income induced by exports has the greatest value (83), followed by investments (23) and government transactions (33). This further shows that in many sub-Saharan African countries, especially, Nigeria, poverty is more manifested in rural areas than in the urban.

[9]CBN (2006)
[10]NISER 2003, Dordunoo 1996, Powell and Round 1997, Aryeetey and Harrigan 1997, Kapunda 1995 and Collier 1986, Falokun 1998 and Round 2004)

5

Human Development Profile across States and Geo-Political Zones

Life expectancy for all the zones is fairly close: 51 years for South West; 48 years for North Central, North West and South East; and 47 years for North East and South South. Also, the southern states posted a better profile relative to the northern states in relation to underweight children under five, the percentage of population not using improved water sources,

5. Human Development Profile Across States and Geo-Political Zones

5.1. Introduction

Even though aggregate analysis is a useful tool, it offers little help in policy initiatives and actions. One size does not fit all. In light of this, this chapter presents a spatial analysis of the human situation in Nigeria by presenting profiles of economic activities and income across states and zones, and how much these have translated into improving human lives. The objective is to use the analysis clearly to draw inferences that could inform policies, strategies and interventions for improving development outcomes throughout the country. Section 5.2 sets the human development benchmarks across the 36 states, the FCT and the six geo-political zones. Section 5.3 concludes the chapter by analysing and comparing the extent of human development using a number of indicators.

5.2. Selected Human Development Benchmarks across States and Geo-Political Zones

This section examines the human development profile across states and the zones and compares with data on inequality measure (IM), gender empowerment measure (GEM), gender development measure (GDM), human poverty index (HPI) and human development index (HDI). The data relating to all these are contained in Table 5.1.

From Table 5.1 and starting with inequality, the FCT has the worst inequality profile with a measure of 0.64. Zamfara State follows with 0.51. Nine other states, namely, Ogun, Ondo, Osun, Oyo, Plateau, Rivers, Sokoto, Taraba, and Yobe all have the same rating of 0.50 inequality value. Similarly, another set of 16 states, representing about 42 per cent of the total, has inequality score of 0.40. The states with the lowest inequality score are Akwa Ibom, 0.34; Adamawa, 0.33; and Abia, 0.30.

With regard to gender empowerment, Kwara State scored the highest (0.482) while Plateau, Anambra, Abia, and Ekiti come second, third, fourth and fifth, respectively. With a score of 0.367, Rivers State takes the sixth position followed by Lagos, Delta, Oyo and Akwa Ibom in the seventh, eighth, ninth and tenth positions with scores of 0.357, 0.316, 0.311 and 0.310, respectively. Taraba, the worst performing state in the gender empowerment profile, has a score of 0.032. Borno State comes next with a score of 0.033, followed by Jigawa, Zamfara, Gombe, the FCT and Kogi (see Table 5.1). These are all northern states.

Unlike the gender empowerment score card in which both the FCT and Taraba State scored poorly, both ranked highest in gender development measure with impressive scores of 0.680 and 0.651, respectively. Awka Ibom State ranked third followed by Rivers State. Bayelsa, Delta, Ondo, Lagos, Cross River and Abia States took up the fifth to the tenth positions, respectively. The first five states with the worst gender development records in their ascending order are Adamawa, 0.287; Borno, 0.250; Yobe, 0.172; Gombe, 0.076; and Bauchi, 0.070.

Going by the human poverty index (HPI) data, poverty is most pronounced in Yobe, Borno, Kebbi, Katsina, and Bauchi, listed in order of intensity. The next set of

Table 5.1: Human Development Statistics by States in Nigeria

S/No.	States	Human Development Index (HDI) Value	Human Poverty Index	Gender Development Measure	Gender Empowerment Measure	Inequality Measure
1	Abia	0.516	21.9	0.527	0.383	0.30
2	Adamawa	0.372	42.4	0.287	0.285	0.33
3	Akwa Ibom	0.616	27.1	0.622	0.310	0.34
4	Anambra	0.427	22.8	0.437	0.414	0.40
5	Bauchi	0.291	48.8	0.070	0.129	0.40
6	Bayelsa	0.593	32.5	0.600	0.219	0.40
7	Benue	0.532	36.0	0.508	0.204	0.40
8	Borno	0.345	55.9	0.250	0.033	0.40
9	Cross River	0.539	31.9	0.544	0.148	0.40
10	Delta	0.592	23.6	0.591	0.316	0.40
11	Ebonyi	0.401	34.3	0.398	0.284	0.40
12	Edo	0.465	21.7	0.475	0.148	0.40
13	Ekiti	0.523	22.1	0.519	0.380	0.40
14	Enugu	0.502	28.6	0.494	0.192	0.40
15	Gombe	0.353	45.0	0.076	0.057	0.40
16	Imo	0.510	22.7	0.418	0.303	0.40
17	Jigawa	0.362	48.4	0.303	0.055	0.40
18	Kaduna	0.448	34.3	0.422	0.213	0.40
19	Kano	0.436	43.0	0.333	0.092	0.40
20	Katsina	0.410	49.9	0.383	0.129	0.44
21	Kebbi	0.377	50.2	0.383	0.175	0.46
22	Kogi	0.411	34.4	0.359	0.069	0.46
23	Kwara	0.429	33.3	0.470	0.482	0.47
24	Lagos	0.607	14.5	0.548	0.357	0.48
25	Nasarawa	0.488	38.5	0.465	0.236	0.48
26	Niger	0.463	42.8	0.474	0.244	0.48
27	Ogun	0.465	24.5	0.466	0.247	0.50
28	Ondo	0.592	23.9	0.586	0.181	0.50
29	Osun	0.475	22.1	0.475	0.234	0.50
30	Oyo	0.478	21.9	0.447	0.311	0.50
31	Plateau	0.392	36.5	0.393	0.415	0.50
32	Rivers	0.633	22.8	0.616	0.367	0.50
33	Sokoto	0.475	40.5	0.385	0.099	0.50
34	Taraba	0.351	43.4	0.651	0.032	0.50
35	Yobe	0.278	58.0	0.166	0.172	0.50
36	Zamfara	0.434	42.6	0.422	0.056	0.51
37	FCT Abuja	0.717	21.0	0.680	0.062	0.64

Source: NBS, Human Development Indicators, 2008.

Statistics show that poverty is more endemic in the northern part of the country, except the FCT. Comparatively, all the southern states have better human development index than the north. Of the top 10 states with the highest HDI, eight are in the south; and of the bottom ten states with the lowest HDI, nine are in the north.

states with high poverty incidence includes Jigawa, Gombe, Taraba, Kano, and Niger. Given that all these states are northern states, it is therefore indicative that poverty is more endemic in the northern part of the country. Indeed, with the exception of the FCT, all the states with lowest HPI are located in the southern part of the country.

Similarly, the states in the southern part of the country have better human development index scores compared to the states in the north. Among the first ten states with highest human development index, eight are in the south. In contrast, nine of the ten states with the poorest human development index are from the north. These states are also mostly those with the highest poverty index.

The picture becomes clearer when viewed by geographical zones. The zonal analysis (see Table 5.2) shows that the South South zone scored highest in human development index with an average score of 0.573. The South West zone is second with 0.523. The North Central zone comes third mainly because of the presence of the FCT.

The fourth position goes to the South East zone with 0.471 followed by the North West zone at 0.420. The North East zone comes last with 0.332. Since poverty is a major factor in development, it is not surprising to see that the North East zone with the lowest human development profile has the highest HPI with an average score of about 49 per cent. The North West is second (44 per cent), followed by the North Central (35 per cent) and the South South (27 per cent). The South East zone is fifth (26 per cent), while the South West zone has the least poverty incidence (22 per cent). On gender development, the South South zone has the best profile with a score of 0.575 and next in line is the South West zone with 0.507. The North Central, South East, North West and North East are third, fourth, fifth and sixth with a score of 0.478, 0.455, 0.376 and 0.250, respectively. On a general note, gender development is better in the southern zones compared to the northern zones.

Likewise, for gender empowerment, the southern zones scored higher than the northern zones. The South East zone comes first (0.315), followed by the South West (0.285) and then the South South (0.251). The North Central (0.244), North East (0.118) and North West (0.117) come fourth, fifth and sixth in the order of listing (Table 5.2). Comparing the extent of inequality among the zones reveals that the North Central zone has the most pronounced degree of inequality of 0.49, due probably to the FCT factor. The South West, which comes second, has a score of 0.48. This may also be linked to the influence of Lagos. The third position goes to the North West zone with 0.44 and followed by the North East with 0.42. The score for the South South zone is put at 0.41 while the South East zone has the least inequality score of 0.38.

A selected number of human development benchmarks are also considered to gain further insights into the human development profile across states and zones. The selected benchmarks include adult literacy rate, gross enrolment rate, percentage of population not using improved water sources, percentage of underweight children under age five, and life expectancy.

Table 5.2: Human Development Summary Statistics, by Zones

Zones	Human Development Index (HDI) Value	Human Poverty Index (HPI)	Gender Development Measure (GDM)	Gender Empowerment Measure (GEM)	Inequality Measure (INQ)
North Central	0.490	34.65	0.478	0.244	0.49
North West	0.420	44.15	0.376	0.117	0.44
North East	0.332	48.90	0.250	0.118	0.42
South West	0.523	21.50	0.507	0.285	0.48
South East	0.471	26.07	0.455	0.315	0.38
South South	0.573	26.61	0.575	0.251	0.41

Source: NHDR Team 2008-2009

Starting with the adult literacy rate, the highest rate of 89.4 per cent was recorded by Lagos State. Rivers State comes second with 80.5 per cent while Akwa Ibom State, Abia State, and the FCT come third, fourth and fifth, respectively with scores of 80 per cent, 79.2 per cent and 77.5 per cent. The next five positions are filled by Anambra, Edo, Ondo, Imo and Enugu States, in that order. The lowest adult literacy rates were recorded in Yobe, Borno, Katsina, Jigawa, Bauchi, Niger, Kebbi, Zamfara, Nasarawa, and Gombe in sequential order. A very clear picture that emerges is that the literacy rate is generally higher in the southern states than in the north. The pattern also holds true when the adult literacy is decomposed into male and female literacy rates. Gross enrolment ratios as well as their decomposition into female and male enrolment ratios (gender parity) is also higher in the southern states than in the north.

Life expectancy for all the zones is fairly close: 51 years for South West; 48 years for North Central, North West and South East; and 47 years for North East and South South.

The percentage of the population not using improved water sources is highest in Gombe State at about 82 per cent, closely followed by Adamawa and Kebbi at 81 per cent and 80 per cent, respectively. The average picture is also that more states in the south use water from improved sources than those in the north.

The incidence of underweight children under age five is highest in Jigawa (51.5) and Kano States (48.8 per cent) and lowest in Enugu (13.4 per cent) and Edo States (12.4 per cent). As with the previous benchmarks, the incidence of underweight children has greater intensity in the north compared to the south. The last benchmark, which is life expectancy in years, shows that it is highest in the FCT at an average of 55 years, followed by Ekiti with 54 years, Osun (53 years), Ogun (52 years) and Oyo (51 years). The lowest life expectancy figure of 44 years is recorded in Anambra, Edo and Rivers States. It paradoxical that there is no significant difference in the life expectancy profile between the northern and southern states given that the adult literacy rate, gross enrolment, percentage of the population not using improved sources of water and incidence of underweight children are generally poorer among the northern states.

By zone, the South West has the highest average life expectancy rate at about 51 years. The North Central, North West and South East all have a figure of about 48 years. Similarly, both North East and South South averaged about 47 years. There are also informative differences among the zones in the two parts. For underweight children under five, of the three northern zones, the North West zone has the worst scenario (about 43 per cent). The North East zone comes next with about 29 per cent followed by the North Central with about 21 per cent. In contrast, among the southern zones, the South South zone has the worst case with about 18.85 per cent, followed by the South West zone with 18.68 per cent. The South East zone has the lowest rate at 16.86 per cent.

On the population not using improved sources of water, the SouthSouth zone is the worst hit of the three southern zones. About 49 per cent of its populace do not use improve sources of water. The South East zone comes next with about 46 per cent, followed by the South West, the best of the three zones, which has about 30 per cent of its population not using improved water sources. Turning to the northern zones, the North East has the worst case of about 74 per cent of its population not using improved water sources. It is the worst zone of the three. The North West with about 59 per cent follows. The North Central is the best of the three with a rate of 52 per cent. Gross enrolment ratio is highest in the North Central zone compared to the North West and North East. While the gross enrolment ratio amounted to about 101 in the North Central zone, it is about 59 and 50 in the North East and North West zones, respectively.

Among the southern zones, the South East has the highest ratio of 111.70, while both the South West and South South zones have a gross enrolment ratio of 108. Lastly, with respect to adult literacy rate, the ranking of the northern zones is North Central zone, North West and North East with about 59 per cent, 51 per cent and 41 per cent, respectively. The order among the southern zones is South West, South South and South East. The corresponding figures are 75.76 per cent, 74.75 per cent and 72.56 per cent.

5.3. The Relationship between Various Indicators of Development

This section attempts to explore the nature of the relationship between the various selected indicators. The Spearman rank correlation analysis was conducted involving all the indicators considered in the analysis. The coefficients obtained are presented in Table 5.3. In interpreting the results, a cut-off point of 0.20 is taken. The assumption is that a coefficient of 0.20 and above indicates to a large extent some level of co-variation between any two variables enough for the kind of analysis that is being done; as such, the implications of the analysis are quite informative for policy and actions.

As expected, population correlates positively with GDP with a coefficient of 0.41 per cent implying that the higher the population, the higher the GDP of the states and zones. There is also a positive association between population and the percentage of underweight children under five. What this suggests is that in the event of a growing population without commensurate improvement and spread in healthcare delivery, the proportion of underweight children under five tends to increase. The relationship between the percentages of the people not using improved water sources is negative with population. The policy import of this is that with population increases, the percentage of people not using improved water sources tends to increase, unless appropriate actions are taken.

It is indicative that variation in the level of the GDP is associated positively with increases in per capita income, human development, and gender development; but negatively associated with the percentage of the population not using improved water sources. Gender development is associated positively with positive trends in gender empowerment, gross enrolment rate, HDI, and PCI but correlates negatively with positive trends in HPI, the percentage of the population not using improved water sources and underweight children under five and vice versa. The picture is similar for gender te

Table 5.3: Correlation Coefficients among Development Indicators

Indicators	POP	GDP	GD M	GE M	GER	HDI	HPI	INQ	LERB	PCI	Ph2 O	UWC 5
POP	1.00											
GDP	**0.41**	1.00										
GDM	-0.15	**0.40**	1.00									
GEM	0.07	0.00	**0.32**	1.00								
HDI	0.05	**0.63**	**0.81**	**0.39**	**0.57**	1.00						
HPI	-0.04	-0.15	**-0.68**	**-0.56**	**0.74**	**-0.77**	1.00					
INQ	-0.07	-0.03	0.11	-0.19	-0.05	0.02	-0.02	1.00				
LERB	-0.15	0.05	0.18	-0.11	0.05	**0.26**	-0.17	0.18	1.00			
PCI	0.15	**0.95**	**0.43**	-0.05	-0.10	**0.64**	-0.14	0.02	0.07	1.00		
PH2O	**-0.22**	**-0.20**	**-0.45**	**-0.53**	**-0.40**	**-0.52**	**0.74**	-0.17	**-0.29**	-0.17	1.00	
UWC5	**0.21**	0.08	**-0.55**	**-0.41**	**-0.79**	**-0.54**	**0.72**	0.06	0.00	0.06	**0.27**	1.00

Source: NHDR Team 2008-2009

Definition of Variables

POP	-	Population
GDP	-	Gross Domestic Product.
PCI	-	Per Capita Income
GER	-	Gross Enrolment Ratio
LERB	-	Life Expectancy Rate at Birth
HDI	-	Human Development Index
HPI	-	Human Poverty Index
GDM	-	Gender Development Measure
GEM	-	Gender Empowerment Measure
INQ	-	Inequality
Ph20	-	Percentage of the population not using improved water sources
UWC	-	Percentage of underweight children under five

empowerment. The gross enrolment rate correlates positively with gender development, gender empowerment, and human development measures, but correlates negatively with poverty, the incidence of underweight children under five, and not having access to improved water sources and associated health problems. This implies that where education is high, one should expect women to do better through employment, low poverty, low problems with access to water and hence high human development. In turn, human development, GDP, per capita income, gender development and gender empowerment and higher life expectancy positively vary together while poverty, the incidence of underweight children under five, and not having access to improved water sources and associated health problems move in opposite directions with

Human development. Poverty increases with low or poor gender development, gender empowerment, gross enrolment, and human development; it decreases with reductions in the proportion of the population not using improved water sources and number of underweight children under five. Life expectancy varies together in the same direction with human development and improved water sources and other health-improving measures.

In addition, the higher the GDP, the higher the per capita income and the stronger the improvement in gender development and human development measures.

Finally, Figure 5.1 shows the high HPI/low HDI trap across Nigerian states: the dispersion of the data clearly indicates an association between having a high HPI and a low HDI. The message is clear: human development is not with widespread poverty.

Figure 5.1: Correlation between HDI and HPI across States

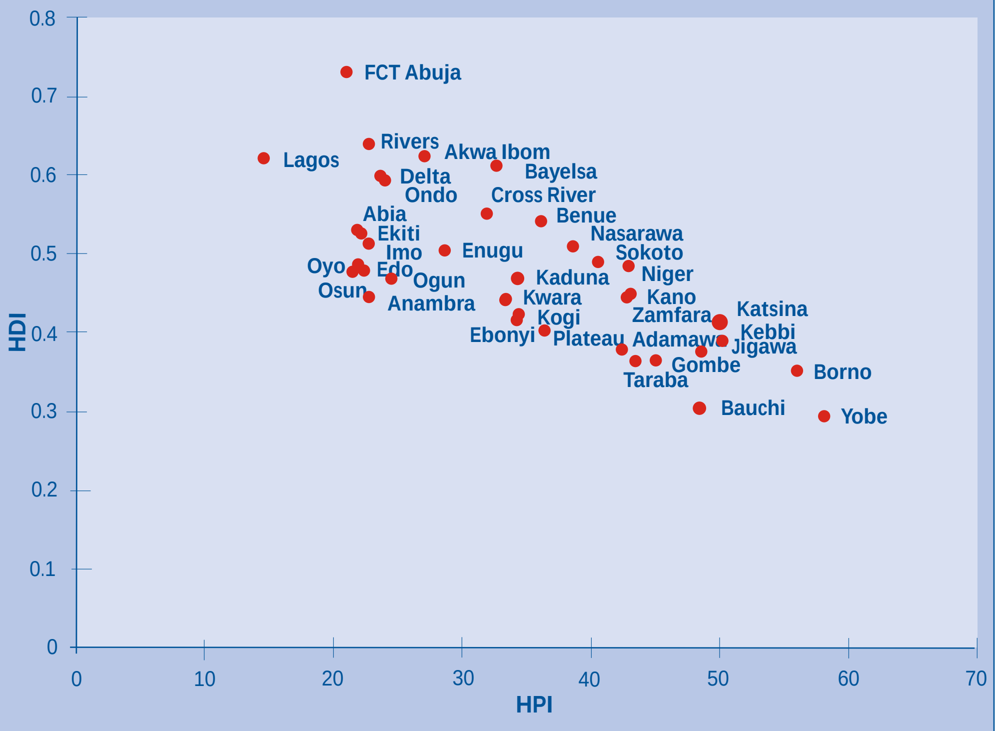


Table 5.4: Population, GDP & Per Capita by Zones in Nigeria

States	Population	GDP in Million Naira	GDP per capita in Naira	GDP per capita in US $
South East				
Abia	3,051,841	156,581.86	51,307.34	407.75
Anambra	4,459,236	91,536.69	20,527.44	163.14
Ebonyi	2,317,922	57,656.38	24,874.17	197.68
Enugu	3,388,168	131,168.00	38,713.55	307.67
Imo	3,963,039	205,609.17	51,881.69	412.32
Total	**17,180,206.00**	**642,552,10**	**37,400.72**	**297.20**
South West				
Ekiti	2,449,007	97,551.83	39,833.22	316.56
Lagos	9,131,112	2,935,593.30	321,493.52	2,544.98
Ogun	3,721,345	115,791.01	31,115.37	247.28
Ondo	3,587,265	762,093.19	212,444.07	1,688.34
Osun	3,441,186	79,271.30	23,036.04	183.07
Oyo	5,505,815	194,182.18	35,268.56	280.29
Total	**25,386,723.00**	**4,184,482.81**	**164,829.58**	**1,309.94**
South South				
Akwa Ibom	3,841,712	1,843,218.56	479,790.93	3,813.01
Bayelsa	1,788,957	1,212,867.01	677,974.38	5,388.02
Cross River	3,048,375	321,901,19	76.073.71	604.58
Delta	4,130,761	1,208,594.31	292,583.94	2,235.23
Edo	3,463,629	142,784.30	41,223.90	327.62
Rivers	5,084,192	3,333,507.68	655,661.25	5,210.69
Total	**17,515,914.00**	**7,972,873.05**	**455,178.82**	**3,617.41**
North Central				
Benue	4,390,184	792,405.51	180,494.83	1,434.43
Kogi	3,424,637	63,348.75	18,497.95	147.01
Kwara	2,469,200	99,490.24	40,292.50	320.21
Nasarawa	1,926,153	297,301.17	154,349.72	1,226.65
Niger	3,862,030	820,194.99	212,374.06	1,687.57
Plateau	3,356,070	82,165.65	24,482.70	194.57
FCT Abuja	592,886	761,583.40	1,284,535.97	10,208.50
Total	**12,206,399.00**	**2,916,489.71**	**238,932.39**	**1,898.85**
North East				
Adamawa	3,352,085	88,296.94	26,340.90	209.34
Bauchi	4,563,897	95,798.53	20,990.51	166.82
Borno	4,044,366	269,473.62	66.629.39	529.52
Gombe	2,374,698	105,286.06	44,336.61	352.35
Taraba	2,411,441	43,020.00	17,839.95	141.78
Yobe	2,232,186	73,308.50	32,841.58	261.00
Total	**15,626,588.00**	**675,183.65**	**43,207.36**	**343.38**
North West				
Jigawa	4,585,695	574,713.28	125,327.41	996.01
Kaduna	6,276,729	558,386.58	88,961.40	707.00
Kano	9,266,314	797,251.26	86,037.58	683.76
Katsina	5,984,866	748,767.07	125,110.08	994.28
Kebbi	3,298,579	211,057.04	63,984.23	508.50
Sokoto	3,822,365	716,514.16	187,358.92	1,488.98

Source: NBS, Human Development Indicators, 2008

6

Impact of Institutions and Policy on Growth, Poverty and Inequality in Nigeria

The elimination of poverty and inequality has been a continuing concern in Nigeria's governance process and thinking, leading to the implementation of several policies, projects and programmes. However, the impact of policy and action has been impaired substantially by weak governance.

6. Impact of Institutions and Policy on Growth, Poverty and Inequality in Nigeria

6.1. Governance and Institutional Failures Hamper Growth and Human Development

Improving the quality of all human lives constitutes economic development. This involves raising people's standard of living, creating conditions conducive to the growth of people's self-esteem through the establishment of social, political and economic systems and institutions which promote human dignity and respect; and increasing people's freedom to choose from increasing varieties of consumer goods and services. The central theme of the governance-led development framework is that good governance, the manner in which power is exercised in the management of a country's economic and social resources for development, provides the lead in the development process.

Governance influences the proper functioning of institutions in advancing the growth potentials of an economy as well as promoting and furthering the social welfare of the citizenry. Institutions, otherwise implying the "rules of the game",[1] and "organizations"[2] perform three key functions in promoting economic and human development: (i) coordination and administration; (ii) learning and innovation; and (iii) income redistribution and social cohesion.[3]

The essential elements of governance include institutional and structural arrangements, decision-making processes, policy formulation, implementation capacity, development of personnel, information flows, the nature and style of leadership within a political system[4] and the relationship between government and the public. Democracy and good political governance ensures the fundamental rights of the individual and groups,[5] the accountability of government to the governed, and the relative stability of the polity. Economic governance is simply the process of designing and implementing appropriate public policies for economic growth and development of a nation. Good economic governance covers effective and transparent management of resources for development whilst adhering to principles of fairness, equity and social cohesion.

Nigeria's governance has been a composite of political and economic elements featuring democratic-market and dictatorship-market systems with differing economic management strategies across ideological leanings. Three dimensions of governance are also discernible within these settings: political, technical and institutional. In the political sphere, government's responsibility for building public consensus, establishing development objectives, exercising regulatory authority as well as formulating policies have been key features. The technical aspect has focused on government's participation in economic activities to remove constraints imposed by resource endowments. The institutional dimension of governance has been concerned with the range of conditions and institutions geared

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[1] See, for instance, World Bank, 1991; World Bank, 1997; Stiglitz, 1999
[2] Van Arkadie, B. 1990.
[3] Chang, Ha-Joon. 2005.
[4] Bello-Imam, I.B. 2004
[5] The African Peer Review Mechanism (APRM) framework indicated three dimensions of governance. These are namely (i) democracy and good political governance; (ii) economic governance and management; and (iii) corporate governance.

towards growth and development through incentives and motivations. Unfortunately, personalization of leadership and the use of power; opportunism of the political class; weak, shallow and badly run institutions; and neglect of popular welfare have imposed binding constraints on all three dimensions.[6]

Nigeria's governance process has tried to face the challenges of how to eliminate poverty and inequality, leading to the implementation of several targeted programmes and projects in a number of areas, including agriculture, health, education, housing and finance but the conclusion emerges that neither policy nor development outcomes have been sufficiently or fundamentally geared towards the reduction of poverty and inequality.

Government efforts around poverty reduction include ad-hoc emergency programmes only institutionalized recently under the poverty alleviation programme (PAP) targeted at providing direct jobs for 200,000 unemployed persons, which metamorphosed into the National Poverty Eradication Programme (NAPEP). It encompasses the Youth Employment Scheme (YES); Social Welfare Services Scheme (SWSS); Rural Infrastructure Development Scheme (RIDS); and Natural Resource Development and Conservation Scheme (NRDCS).

In terms of the impact of governance on Nigeria's development, the Worldwide Governance Indicators (WGIs) 1996-2008 reveal that the GDP growth rate in Nigeria is inversely related to governance indicators such as political instability and absence of violence/terrorism, economic governance, and government effectiveness. Indeed, comparative analysis shows that governance indicators are on the decline even as growth progresses in Nigeria and decline relative to other emerging economies such as Brazil (see Figure 6.1).

Two sobering conclusions emerge from the analysis: first, the quality and effectiveness of governance is a major

Two sobering conclusions emerge from the analysis: first, the quality and effectiveness of governance is a major obstacle to development in Nigeria; and, second, only a developmental path that combines higher growth with worsening governance – as seems to be the case based on existing evidence – is not compatible with a serious effort to reduce poverty and inequality in Nigeria.

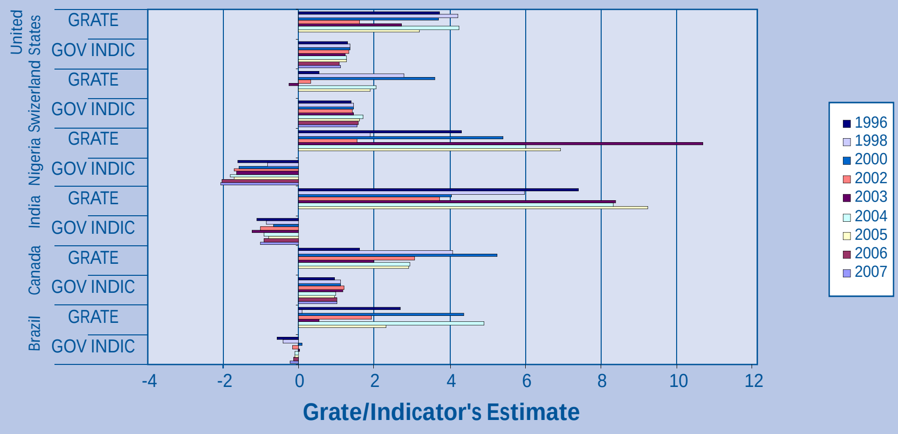
Table 6.1: Typology of Political Regimes in Nigeria

Period	Regime Type and Economic Ideology	Head(s) of State
1960-1966	Civilian (Parliamentary)-Market System with Planning and Control	N. Azikiwe / T. Balewa
1966-1975	Military-Market System Demand Management	A. Ironsi/Y. Gowan
1975-1979	Military-Market System Demand Management, Planning and Control	Muhammed / Obasanjo
1979-1983	Civilian-Market System Austerity Measures	S. Shagari / A. Ekweme
1983-1985	Military-Market System: Controls and Stabilization Measures	M. Buhari
1985-1993	Military-Market System: Structural Adjustment Programme(Liberalization Less Government in Theory}	I. Babaginda
1993 (August-November)	Interim (Civilian) Market System	E. Shonekan
Nov.1993-June 1998	Military-Market System: Guided Deregulation	S. Abacha
June 1998-May 1999	Military-Market System: Guided Deregulation	A. Abubakar
May 29, 1999-May 29, 2007	Civilian-Market: Deregulation	O. Obasanjo / A. Abubakar
May29, 2007-Present	Civilian-Market: Deregulation	U. Yar'Adua / G. Jonathan

Source: Uwatt (2004); updated.

[6]Kayode, et al 1994

Figure 6.1: Governance Indicator (Political Stability & Absence of Violence)



Source: NHDR Team 2008-2009

obstacle to development in Nigeria; and, second, any developmental path that combines higher growth with worsening governance – as seems to be the case based on existing evidence – is not compatible with a serious effort to reduce poverty and inequality in Nigeria.

6.2. Uncoordinated Three-Tiered Governance System

Nigeria's federal system highlights a unique governance structure whose federating states are the result of successive government creations from three regions at independence in 1960 to the present 36 states and a Federal Capital Territory as well as 774 local governments whose share of the consolidated government spending is about 45 per cent (Table 6.2). The Nigerian federation is a continuing creation, with many more states and local governments created over the years in response to struggles and calls for devolution of power to lower levels of government. The central government has no statutory powers to control the sub-national governments for the purposes of macro stabilization or development, even though the size of their spending has direct effects on poverty through such areas as primary and secondary education, healthcare services, rural roads and infrastructure, and community services.

The existence of externalities dictates that certain functions on the concurrent list are to be performed by more than one level of government simultaneously. In the provision of health and education services, for instance, the federal and state governments complement each other. Evidence has shown that, in practice, functions on the concurrent list lead to wasteful duplication and inter-unit competition which hinder the effective functioning of the federal structure.

The federal government's powers to make economic laws or policies are much more preponderant, compared to those of the states and local government, and they cover virtually all sectors, including aviation; banking, insurance, currency, coinage and legal tender; customs and excise duties; exchange control; export duties; fishing and fisheries; labour,

Table 6.2: Responsibilities of Different Tiers of Government

Exclusively Federal Government	Concurrent Federal and State	Concurrent State and Local	Local Government
? Defence	? Tertiary Education	? Secondary Education	? Markets
? External Affairs	? Justice		? Cemeteries
? Law and Order	? Electric Power	? Health Care Delivery	? Waste Disposal
? Posts and Communications Interstate Transportation Aviation, Sea and Rail Transport	? Banking and Agriculture and Industry	? Water Supply ? State roads ? Fire Service ? Land Use	? Local Streets-Construction and Maintenance ? Motor Parks and Open Spaces
? Currency		? Health care	? Establishment of Destitute Homes
? Oil and Gas		? Primary Education	? Slaughter Houses
			? Public Conveniences

Source: Draft: Nigeria States Finances Study, 2002:28; 1999 Constitution

maritime, shipping and navigation; mines and minerals; nuclear energy; and patents, trademarks, as well as trade or business names. Others include industrial designs and merchandise marks; communication; taxation of incomes, profits and capital gains; tourism; trade and commerce; as well as control of the prices of goods and services. From this list, the inconsequential nature of economic powers reserved for the states, can only be imagined. However lopsided the distribution of economic policy making powers may be, the fact of federal life, marked by the overlapping of economic and political responsibilities among the tiers of government, and the large share of sub-national governments in public expenditure makes intergovernmental cooperation essential, if not inevitable, for good economic governance. Some writers on federalism emphasize the benefits of separating the constitutional powers of the various tiers of governments into more-or-less water tight compartments, known as dual federalism, with none interfering in the affairs of the other. They argue that this ensures that powers are not easily abused, as one tier checks the excesses of the others, leading to rapid economic growth through healthy competition among the lower political units. In practice, however, cooperative federalism is the reality even in advanced federations. Inter-governmental cooperation in policy making is at the heart of cooperative federalism where relations between the national and sub-national governments facilitate policy making and implementation in a federal system (see Box 6.1).

As a result, any successful effort to combat poverty and inequality in Nigeria will require a high degree of cooperation between the three tiers of government to an extent which has not been achieved to date.

In Nigeria, government revenues are aggregated in the Federation Account and shared periodically among the constituent tiers of government. The federal government, on behalf of the states and local governments, collects the most important taxes and revenues such as corporate profits, petroleum profits, value added taxes, import and excise duties, education tax as well as the proceeds of crude oil sales, mining rents and royalties, upstream gas sales, liquefied natural gas (LNG) sales, domestic crude oil sales and tax on petroleum products, pipeline fees and penalties for gas flaring. All these revenues (with the exception of education tax) are paid, by constitutional requirement, into the Federation Account for distribution among the three tiers of government.

Constitutionally, the states have residual tax powers and can enlarge their tax bases, although this capacity is redundant owing to weak revenue administration capacities. The most important of this is the personal income tax [comprising of pay-as-you-earn (PAYE), direct assessment and withholding tax (individuals only)]. The tax powers of the local government depend largely on the discretion of the relevant state government. Under the current jurisdiction, local governments collect taxes such as property taxes (tenement rates), bicycle licenses and licenses and fees on non-mechanically propelled carts, birth and death registration charges, and radio and television licenses, liquor licenses and fees, outdoor advertising fees, pet license, restaurant fees and motor park fees. Under the current fiscal arrangement, the laws regulating the capacity of the other tiers of government in tax collection are made at the national level. Another important policy challenge in Nigerian federalism is horizontal fiscal imbalance whereby states have different fiscal capacities.

Policymaking and implementation still require substantial federal-state cooperation as shown by experience during the immediate past democratic administration when setbacks in policy implementation at state level complicated major policies of the federal government. The campaign against corruption and policy on budget and fiscal discipline were two major initiatives of the federal government which were most affected by federal-state conflict. The Monitoring of Revenue Allocation to Local Governments Act of 2005 was intended, for instance, to deter state governors and their finance commissioners from massive diversion of local government allocations. This particular Act, however, was invalidated by the Supreme Court as requested by three states. Moral suasion by the federal government has also not proved to be more effective. The refusal of sub-national authorities to promote or support federal policies they consider unacceptable is thus a reliable predictor of a poor result from public policies in Nigeria as in any other federal system. As a result, any successful effort to combat poverty and inequality in Nigeria will require a high degree of cooperation between the three tiers of government to an extent which has not been achieved to date.

6.3. Corruption Impedes Policy Effectiveness for Equitable Growth

Corruption is often related to wasteful public investment, lower government revenues, and lower quality of public infrastructure.[7] Corruption has under-developed Nigeria. In more specific terms corruption has limited the growth potentials of the country and, more importantly, initiatives against poverty

Corruption has underdeveloped Nigeria. In more specific terms corruption has limited the growth potentials of the country and, more importantly, initiatives against poverty and inequality.

[7]Tanzi, V. (1998), "Corruption Around the World: Causes, Consequences, Scope and Cures," *IMF Staff Papers*

Box 6.1: Salient Features of Fiscal Federalism in Four Major Federations

Australia

In Australia, there are currently 6 States and 2 territories and approximately 774 local governments. The national government has monopoly in tax administration, particularly income taxes on individuals and businesses, sales tax, excise taxes, and taxes on international trade, which are Commonwealth taxes. The States' most important taxes are on payrolls, financial and capital transactions, gambling, insurance, and motor vehicles. Local governments tax immovable property. There are inter-governmental transfers to sub-national government through equalization arrangements to deal with vertical fiscal imbalance and horizontal fiscal imbalance between the states through specific grants, specific purpose payments and block grants from the federal to states and local governments. There is a federal VAT levied throughout the country, which is distributed to the states through an equalization grant.

Moreover, the federal government has retained the exclusive power to tax income to ensure that the tax system has a high degree of uniformity in tax rates and tax bases. But with the high transfer dependence ratio, there is a consensus to maintain fiscal discipline at all the levels of government. Furthermore, in Australia, the states do not have any rule that prohibit them from running deficits but there is a broad consensus that they should maintain fiscal balance. They are required to improve the frequency and openness of their financial reporting to permit monitoring of their financial activities and provide more reliable information to the financial markets.

Canada

The federation of Canada is comprised of 10 provinces and 3 territories in addition to nearly 5,600 municipalities which derive their basic powers and responsibilities from the Constitution of 1867. The provinces' authority extends to all taxes with the exception of customs duties and excise, over which the federal government has exclusive authority, implying that both levels rely on the same types of taxes, including personal income and corporate profits taxes and consumption taxes. Natural resources are owned formally by the provinces. Provincial and local governments tax property and gambling revenues, and rely on a large variety of user fees and charges. There is tax collection agreement between the federal and provincial governments providing for joint use of the same income tax base.

The taxes are collected by the federal government and then remitted directly to the provinces. There is a federal VAT imposed throughout the country plus the provinces levying a variety of consumption taxes. Provinces are free to borrow with no review or control by the federal government. Cooperative federalism ensures that all decisions are coordinated through periodic formal meetings of elected officials and bureaucrats to discuss mutually important fiscal issues. There is the Fiscal Spending Control Act of 1992 which established a nominal expenditure limit to control public expenditure growth, fiscal imbalances and public debt. There is a smaller vertical gap in Canada due to provinces' access to all the major broad-based taxes with the provinces being able to set their own rates. Transfer dependency varies between 10-12 per cent in the high income provinces and nearly 40 per cent in the low income provinces. The primary goal of inter-governmental fiscal transfers is to maintain minimum national standards in provincial-local public services. Accordingly, unconditional block transfers are made to low-income provinces to provide a minimum national standard of public services.

Brazil

Brazil is a highly decentralized federation with 27 States (including a Federal District) and 5,559 municipalities. The States are assigned a broad-base, high-yielding VAT which they collect and administer and they were granted autonomy to set their VAT rate. Brazil emphasizes the municipalities rather than the States as key agents of social services and public investment. The Fiscal Responsibility Law and complementary legislations contain the key incentives for fiscal probity at all levels of government through deficit and debt rules, expenditure rules and transparency. Both the increase in mandated transfers from the states to the municipalities and the increased emphasis on the municipalities in the provision of social services, have reduced the States' share in total government spending and revenues. There is greater emphasis on local revenue mobilization to reduce dependency of lower levels of government on grants and transfers from higher levels of government. Federal VAT applies to industrial goods, while State VAT taxes the circulation of goods in general and some services; municipalities levy charges on a specified list of services. Federal VAT is fully creditable against the state VAT, with complex technical and administrative problems relating to different VATs in different states and overlapping tax bases.

Brazil's FRL (2000) states that expenditures on personnel should not exceed 60 per cent of the net current revenue of states and similarly 60 per cent for the municipalities. The current ceiling for expenditure on debt services is 13 per cent of total state and municipal revenues. It also requires multi-year budgets with three year targets for revenues, expenditure, and indebtedness and prohibits the future bailouts of State and local governments by the federal while state and local government finances must be balanced. Fiscal discipline involves increasing revenue autonomy and decreasing transfer dependency, but the vertical gap of sub-national governments is bridged by equalization transfer.

United States

The United States' federal system is highly decentralized, and generally regarded as an example of a well-managed federal fiscal system. Currently, the US is composed of 50 States, 1 federal district and 87,525 local governments. The Constitution of the United States allows the states to perform all functions that are not expressly reserved for the federal government and do not violate the Constitution. Both the federal and state tiers of government levy a tax on personal income, although the federal income tax leaves only limited room for the states. Most states rely on the use of personal income tax and general sales taxes, which produce more than two-thirds of their tax revenue.

Although the US is characterized by very low fiscal imbalance, state and local governments are heavily dependent on transfers from the federal government to meet their financial needs. While there is no system in place to equalize fiscal capacity across States, horizontal fiscal equalization occurs only indirectly via grant-in-aid programmes. Sub-national governments are, in principle, free to borrow without federal involvement. In reality, the federal government subsidizes sub-national borrowings by exempting the interest on state and local bonds from federal income taxation. Central Government has followed a no-bailout policy and nearly all states have a self-imposed balanced-budget constraint.

Source: Roberto, et al (2003)

and inequality. Many of the wealthiest people in the country are generally those who have acquired wealth through state power: by political corruption and by access to state contracts, agency rates or concessions such as import licences which do not usually involve them in direct productive activity. Consequently, the accumulation of wealth has the tendency to be dissociated from effort and from productive capitalist enterprise. Nigeria's dependence on a single major source of exports and revenues, that is, oil and gas, is at the root of the problem of corruption in the country, presenting a large economic prize that can be appropriated with relative ease by the political elite, a situation compounded by prolonged periods of military rule and the dysfunctions of civilian politics.

Economic sabotage to maximize corrupt gains also causes the collapse of local refining capacity, breakdown of power generation and distribution systems, and the decrepitude of the railways. Corruption is also a key factor in crime, unemployment, inter-religious and communal conflicts, unrest in the Niger Delta, police brutality and other instances of social injustice and dysfunction.

Various surveys report that corruption is seen as one of Nigeria's most severe problems (Afrobarometer 2005) with all three branches of government suffering from low public confidence. Human Rights Watch (2007) has summarized the endemic nature of corruption in Nigeria by estimating that about USD 380 billion has been lost to corruption from independence in 1960 to 1999.

There is no consistent data on poverty and inequality that matches one available indicator of corruption which is the control of corruption, one of the variables used in governance indicators. However, plotting the index of control of corruption against index of economic growth shows that Nigeria's growth rate is associated with increased control of corruption and vice versa (Table 6.3). Strong conclusions, however, are difficult to draw from existing data due to the weakness of the fight against corruption over time (or the "flatness" of the curve related to the index on the control of corruption).

Nevertheless, Table 6.3 indicates that the marginal improvement in the control of corruption between 1996 and 2004 is associated with a rise in GDP growth and reduction in the level of poverty while the level of inequality remained the same. The same phenomenon is seen with regard to changes in the HDI. The weight of both theory, experience and evidence, therefore, implies that a consistent and vigorous war against corruption in Nigeria would, therefore, in all likelihood, lead to substantial benefits for the generality of the population. The channel of benefits is obvious: government contracts will be much less inflated; a higher quantum and quality of public services can be delivered; infrasructure will begin to work again and there will be less crime as a negative demonstration against stolen wealth.

Several public strategies and campaigns to curb corruption have been launched during the last three decades. Among these are Ethical Revolution (1981-83), War Against Indiscipline (1984), National Orientation Movement (1986), Mass Mobilization for Social Justice (1987), Code of Conduct Bureau (CCB)(1999), Independent Corrupt Practices and Other a

Table 6.3: Corruption, Economic Growth and Development Outcomes (1996= 100)		
Indicators	**1996**	**2004**
Control of Corruption index	100	106
Growth Rate Index	100	140
Poverty incidence	100	83
Gini coefficient	100	100
Human Development Index	100	109

Source: Global Governance Indicators; Human Development Reports, 1998, 2005; NBS, Poverty Profile, 2005

Table 6.4: Ongoing Sector Reforms

Public Sector	Financial sector	Education and Health	Communication	Petroleum Pricing	External Debt	Power Sector	Presidential Initiatives
?Privatization and commercialization and rationalization of public Institutions	? Consolidation of the banking and insurance sub-sectors	?Universal Basic Education	? Licensing of private providers	?Continuous upward review of prices of petroleum products	?Debt relief and payment to creditors	?Increased expenditure on power generation	? Agricultural products to increase their contribution to export
	?Introduction of the SMIEIS	? Licensing of private Universities	? Establishment of Nigerian Communications Commission	?Establishment of petroleum Products Pricing Regulatory Agency (PPPRA)		?Promotion of Independence Power Providers	
? Staff auditing and downsizing (or right sizing) of public sector workers	?Reduction of interest rate through persuasive approach of the President	? Health insurance schemes		?Licensing of more petrol stations		?Unbundling the National Electric Power Authority (NEPA) into District Unit	
?Monetization of fringe benefits in the public sector	?Exchange rate stability through Dutch auction system and accumulation of foreign reserves	?Granting of autonomy to tertiary institutions					
?Pension reform							

Source: NEEDS I & II; 7- Point Agenda, 2008

Related Offences Commission (ICPC) (2000), and Economic and Financial Crimes Commission (EFCC) (2004). As Goodling notes, however, "since 1996, Nigeria … [has been] labelled the most corrupt nation three times: 1996, 1997, and 2000: and placed in the bottom five four more times; fourth from the bottom in 1998 and second in 1999, 2001, 2002, and 2003". This refers to the Corruption Perception Index (CPI), which is a study of corruption by Transparency International and Goettingen University. In 2004, Nigeria was still unable to escape from the league of ten most corrupt nations. Across sectors, the nationwide survey of the Nigerian Corruption Index (NCI) for 2007, showed the Nigerian Police retaining the unenviable position as the most corrupt organization in the country. It was closely followed by the Power Holding Company of Nigeria (PHCN). Perception of corruption in the Education Ministry was found to have increased from 63 per cent in 2005 to 74 per cent in 2007, as against 96 per cent to 99 per cent for the police in the corresponding period.

From the array of anti-corruption initiatives, it is obvious that the legal framework for addressing corruption is strong but adherence to the rule of law and law enforcement are weak. The judicial system still suffers from the legacies of military rule, when the system was politically influenced and poorly funded. The courts lack resources and administrative personnel and judges are overloaded with administrative and preliminary tasks.

6.4. Policy Reform, Growth, Poverty and Inequality

Relationship between Policy Reform, Growth, Poverty and Inequality

Governments reform policies to improve their efficiency and respond to changing economic and social priorities. Growth and income distribution matter for poverty reduction – and public policy is a key driver of both. But public policy is not neutral in its social and economic impact and needs to be designed consciously to generate results which are supportive of a reduction in poverty and inequality. Even if their overall effect is positive, policy reforms can generate losses for some affected groups and gains for others.

Public sector reform began with the introduction of the Structural Adjustment Programme (SAP) which emphasized privatization and commercialization of public enterprises to promote efficiency and reduce their dependency on government for support. The privatization and commercialization programme, which commenced in 1988, aimed at promoting effective and efficient service delivery and, hence, improve people's welfare. This programme was later fine-tuned by the successor civilian administration which merged several government ministries and parastatals ostensibly to eliminate duplication and inefficiency and make more stringent savings for developmental purposes. The reform also involved staff auditing, job evaluation and right sizing of the public sector. This led to the disengagement of many low-level workers with adverse social effects since most of those disengaged lacked the skills for quick re-absorption into the private sector. There is also the monetization policy which was introduced in 2003 and meant to reduce wastage of public funds by substituting monetary values for certain or designated fringe benefits enjoyed by public servants.

In addition to these reforms, a new pension scheme was introduced in 2004 to address the inadequacy and inefficiency of the old pension scheme that failed to cater for the welfare of pensioners. Drawing on experience under the old scheme, the new pension scheme is a contributory one in which workers and the governments contribute 15 per cent each to the pension fund. Under the new arrangement, pension fund managers, who are private sector operators, manage each worker's pension, while the Nigerian Pension Commission (NPC) sets the regulatory framework and supervises the operations of the scheme. There are, however, concerns about the operations and outcomes of the new pension scheme which need to be addressed to secure its full benefits for government employees.

On the fiscal front, the passage of federal fiscal responsibility and public procurement laws in 2007 and the earlier introduction of an oil price-based fiscal rule and associated excess crude account have marked a major step forward for Nigeria. The critical task now is that of successfully following through on the stringent and complex requirements of this landmark legislation.

The government also implemented an ambitious financial sector reform through the Central Bank of Nigeria (CBN) to strengthen the banking sector's role in the mobilization and allocation of resources for investment. The centrepiece was the consolidation of the banking sector through upward review of the capital base of banks and insurance companies. People have begun to benefit from the reform in terms of availability of loans for various investment purposes. For instance, public servants now secure bank loans to buy new cars, houses and to embark on new investment opportunities, including acquisition of equity. The capital market reform has also induced people to acquire stocks and other capital market instruments. However, the recent and sudden collapse of share prices in the capital market has revealed the dangers of overexposure on stocks as well as serious weaknesses in risk management and governance in several major banks. Another phase of consolidation and reform, therefore, seems likely in the medium term.

The effective management of the monetary policy has also started yielding positive results in terms of reducing interest rates to make credit affordable to investors. To assist small- and medium-scale businesses, the CBN initiated the Small and Medium Scale Equity Investment Scheme (SMEIS) to provide loans at affordable rates. The CBN, in the implementation of SMEIS, requires banks to contribute 10 per cent of their annual profits to the scheme. According to recent CBN annual reports, some small and medium businesses have benefited from the scheme. However, there are reports that although funds have been accumulated, businesses have not found it easy to access the loans.

Another area of policy management by the CBN is the exchange rate.The generally sound management of the exchange rate over the past five years has narrowed the spread between official and parallel markets and helped maintain stability with the exception of a period of marked volatility in late 2008 and early 2009.

Given that better human capital is very crucial for poverty eradication and development, the civilian government in Nigeria introduced the policy of Universal Basic Education. This, coupled with the liberalization of the education sector particularly by licensing private secondary schools, private polytechnics and private universities, is expected to provide more access to education for gainful paid or self-employment. Although enrolment has risen at all levels the rate of youth unemployment remains high and there is unequal access to private education. Moreover, there are growing complaints about the increasing cost of attending public institution, given the autonomy that has been granted to tertiary institutions (reduction in government funding) and the resulting financial demands being placed on students.

Access to affordable, accessible and quality health care is another major contributor to human capital development, increased employability and higher labour productivity all of which are essential for a reduction in poverty and inequality. All of these dimensions of health care, however, remain an acute challenge in Nigeria which the introduction of a national primary health care strategy, the reinvigoration of the federal Primary Health Care Development Agency (PHCDA) and the pioneering of a National Health Insurance System have just begun to address gradually.

In communications, the liberalization of the sector has led to the licensing of private providers, removal of the monopoly of Nigerian Telecommunications Limited and establishment of the Nigeria Communications Commission (NCC) to regulate the activities of the sector. The reform has brought a massive expansion in service delivery and sharply reduced the unequal access of people to telephony due to high cost although the quality of service remains a serious concern. The expansion in access to mobile telephony, in particular, has had a positive direct and indirect impact on economic activity and boosted the capacity of the Nigerian economy for growth and poverty reduction.

The deregulation of petroleum pricing and distribution is another major reform on the policy horizon. The public subsidy on petroleum products has become financially unsustainable and there is evidence suggesting that it is a distributionally ineffective policy instrument. Nevertheless, the public is important symbolically, given the shortcomings of public services in the country and the fact that its withdrawal will increase prices in the short run and adversely affect those on fixed incomes especially in urban areas. This situation not only calls for better delivery of affordable and quality public services but also draws attention to the need for social safety nets to protect the poor, in particular, from economic shocks.

Given that electricity is a major utility that hinders socio-economic activities in Nigeria, there has been increased expenditure on power generation and independent power providers have been encouraged to join in solving the problem. Also, the National Electric Power Authority (NEPA) has been transformed into the Power Holding Company of Nigeria (PHCN) and unbundled into separate units to promote efficiency. Despite all these efforts, however, power supply remains epileptic and continues to adversely affect economic activity and prospects for growth. While the problems in the sector have been well documented, the challenge has persisted over the past decade making it essential to meet the short- and medium-term targets set recently by the government.

On the whole, the performance of the Nigerian economy has not been satisfactory despite its enormous potential for growth and development. The penalty for this has been paid by the country in high levels of poverty and inequality and the untold suffering of many millions of Nigerians. Given the structural characteristics of the economy as well as the quality of growth witnessed in the past, any strategy to improve welfare must, therefore, address four simultaneous courses of action, namely:

- Maintain a strong and focused emphasis on economic growth underpinned by a benign macroeconomic framework which capitalizes on the gains of the past several years by avoiding a cycle of booms and bursts
- Guarantee better access to social services and adequate infrastructure especially for the poor

Tilt the sectoral distribution of growth towards those sectors – agriculture but also industry – are likely to boost employment generation and, thus, help absorb a growing labour force, not least the products of a more accessible educational system; substantially improve the business climate especially for SMEs not only through infrastructure improvements (power, roads and ports) but also on the basis of reforms in licensing, registration taxes, commercial law, property rights and dispute resolution

Target policy interventions to protect the poorest or the most vulnerable groups.

Indeed, to grow the economy and yet reduce poverty requires a culture of prudent fiscal and monetary policy with incentives for non-oil growth and development of the private sector. There are sufficient grounds for hope but the challenges ahead of the country are significant and wide-ranging (Tables 6.5-6.8).

Table 6.5: Impact of Reforms: Economic Indicators

Economic Indicators	1990	2000	2004	2005	2006	2007	Assessment
External debt service as % of exports of goods and services		9	5.1	1.2	1.5	1.2	Good
Private sector investment (US$ million)	50	75.7	1070	2312	8100	11500	Good
Tele-density(per 100 people)	0.45		8.5	15.72	24.29	27.41	Good
Personal computers (per 1000 people)		6.38	6.74				Slow
Internet access (%)	0.1	0.1	1.5	1.9	1.9	1.9	Slow
Per capita Official Development Assistance to Nigeria (US$)	3	1.47	4.49	48.94	81.67	-	Good

Source: Report of the Midpoint Assessment of the MDGs, 2008.

Table 6.6: Impact of Reforms: Poverty & Inequality Indicators

Poverty and Inequality Indicators	1990	2000	2004	2005	2007	2015 Target	Progress
Population living in relative poverty (%)	42.7[a]	66[b]	54.4	54.4[c]	54.4[c]	21.4	Slow
Population living in extreme poverty (consuming 2900 calories or lower daily) (%)		29	35	35	35		Insufficient data
Population living below $1/d ay (PPP) (%)			51.55	51.55	51.55		Insufficient data
Inequality level (Gini Coefficient)			0.48	0.48	0.48		
Gender Inequality	**1990**	**2000**	**2004**	**2005**	**2007**	**Target 2015**	**Progress towards target**
Ratio of girls to boys in primary education (girls per 100 boys	76	78	81	81	93.6	100	Good
Ratio of girls to boys in secondary education (girls per 100 boys)	75	81	78	90	97.6	100	Good
Ratio of girls to boys in tertiary education (girls per 100 boys)	46	66	-	-	-	100	Good
Share of women in wage employment in non -agric sector (%)	66.3	-	79	79	-		Insufficient data
Proportion of seats held by women in National Assembly (%)	1	3.1	5.8	5.8	7.7	30	Slow

Source: Report of the Midpoint Assessment of the MDGs, 2008.

Table 6.7: Impact of Reforms on Health & Child Poverty

Indicator	1990	2000	2004	2005	2007	2015	Progress
Infant mortality rate (per 1000 live births)	91	81.38	100	110	86	30.3	Slow
Under 5 mortality rate (per 1000 live births)	191	183.75	197	201	138	63.7	Slow
One-year-old children fully immunized against Measles (%)	46	32.8	50	60	60	100	
HIV prevalence among 15 to 24 year old pregnant women (%)		5.4a	5c	4.3	4.3d	To be halted	Improving but Slowly
Underweight children (%)	35.7	31b	30	30c	25	18	Improving
Young people aged 15 - 24 who both correctly identify ways of preventing the sexual transmission of HIV and who reject major misconceptions about HIV transmission (%)			18.3	25.9	25.9	100	Improving but slowly
Young people aged 15-24 reporting the use of a condom Sexual intercourse with a non regular sexual partner (%)			43.9	63.8	63.8	100	Improving
Number of children orphaned by HIV/AIDS (millions)			1.8	1.97	1.97		Worsening
Malaria prevalence rate (per 100,000)		2024	1157	1157a	1157a		Slow
Death rates associated with malaria		0.23	0.16	0.16	0.16		
Population in malaria risk areas using effective malaria prevention and treatment measures		15.74	7.07	7.07	7.07		Slow
Tuberculosis prevalence rate (per 100,000)		15.74	7.07	7.07	7.07		Slow
Death rates associated with tuberculosis		1.57	1.5	1.5	1.5		
Total population with access to safe drinking water (%)	54	54	57	60	49.1	80	Worsening
Population with access to basic sanitation (%)	39	42.9	38	33	42.9	100	Static
People with access to secure tenure (%)	-	-	31	-	-	100	Improving
Carbon dioxide emissions (per capita) (tons)	-	4799.9	3151.4	2500.4	2500.4		Improving
Residential housing construction index (HCI) (Proxy)	-	53	-	-	-		Worsening
Maternal mortality ratio (per 100,000)		704a	800b	800	800c	800c	Worsening
Proportion of births attended to by skilled health personnel (%)	45	42	36.3	43.5	43.5	43.5	Improving slowly

Source: Report of the Midpoint Assessment of the MDGs, 2008.

Table 6.8: Impact of Reforms-Education

	1990	2000	2004	2005	2007	2015	Progress Towards Target
Net Enrolment	68	95	81.1	84.6	89.6	100	Good
Pupils Starting Grade 1 who reach Grade 5	67	97	84	74	74	100	Good
Primary Six Completion Rate	58	76.7	82	69.2	67.5	100	Fair
Literacy Rate of 15 - to 24 - Year - Old		64.1	60.4	76.2	81.4	100	Good
Primary School Enrolment by Sex							
Sex	**1990**	**2000**	**2004**	**2005**	**2007**	2015	
Male	7.1	10.73	12.08	12.38	15.53		
Female	5.5	8.43	9.49	9.72	11.62		Improving
Total	13.6	19.16	21.58	22.1	27.15		

Source: Report of the Midpoint Assessment of the MDGs, 2008.

7

Conclusions and Policy Recommendations

Economic growth performance has improved, driven by the non-oil sectors, including agriculture and services. Nevertheless, the structure of the economy has remained unchanged and that puts a big question mark on the quality of growth and prospects for addressing poverty and inequality.

7. Conclusions and Policy Recommendations

7.1. Conclusions

Economic growth performance has improved, driven by the non-oil sectors, including agriculture and services. Nevertheless, the structure of the economy has remained an issue of concern and puts a big question mark on the quality of growth. Sustained high quality economic growth potentially leads to continuous progress in human development, reduction in poverty and inequality and structural modernization of the economy and society. These attributes are often the basis for judging growth as qualitatively better or pro-poor. From this standpoint, the quality of economic growth recorded in Nigeria within the last decade may be debatable. This is because the traditional challenges facing Nigeria – mass poverty and unemployment, absence of structural transformation and high inequality – have remained largely unchanged.

On average, the Nigerian economy grew at a rate of 7.5 per cent between 1970 and 1979. This performance compared favourably with the 4.6 per cent average annual growth rate recorded for all low-income countries, 5.5 per cent for all middle-income countries, and 3.2 per cent for the industrialized countries over the same period. The economy suffered severe decline from the early 1980s to the mid-1980s following the global recession and collapse of commodity prices during the period. Growth performance improved from 1988-1991, driven by the recovery of oil prices occasioned by the first Gulf War. Thereafter, the economy again nose-dived until improvements early in this decade. Over the period 2003 to 2007, growth averaged 6.0 per cent, driven this time by sustained expansion in the non-oil sector, led by agriculture. However, recent developments arising from the global economic crisis present Nigeria with challenges and possible poor growth outcomes. Key among these is the decline in oil prices which has significantly reduced Nigeria's development financing envelope. A slowdown in growth is, therefore, expected in 2009-10 from rates achieved earlier in the decade.

Economic growth performance has improved, driven by the non-oil sectors, including agriculture and services. Nevertheless, the structure of the economy has remained an issue of concern and that puts a big question mark on the quality of growth and prospects for reducing poverty and inequality.

The incidence of poverty has declined but remains considerably high at about double its level two decades ago. Poverty, in its many dimensions, has continued to receive considerable research and policy attention, although with limited impact. The total poverty head count of 54.4 per cent in 2004 represented an improvement over that of the 1990s but the fact that the absolute number of poor people had increased by about two million, i.e., from 67 million in 1996 to 69 million in 2004 shows that the challenge is still enormous. Besides, the 10.6 per cent reduction in poverty prevalence over the 8 years (1996-2004) translated to an annual average poverty reduction of 1.2 per cent. At this rate, the Millennium Goal of halving poverty by 2015 will not be achieved. The 11 years between 2004 and 2015 require that, on average, poverty prevalence has to decline by 3.0 per cent per annum for the target to be achieved.

Although poverty has declined in the country, it still remains considerably high, doubling its level two decades ago. Child poverty has now been officially recognized as a phenomenon to be targeted specially with appropriate strategies.

Child poverty, involving children below age 18, has also emerged as a major dimension of poverty. It depicts a situation where children do not have access to enough resources to grow healthy and strong, to get education, to live in a good

Inequality has remained a major challenge for Nigeria and public concern about it, especially gender inequality, is strong but improvements have been slow in coming.

and safe environment and to fulfil their potential. The poverty of children is a derived outcome from the poverty of their parents. The incidence of child poverty improves with specific strategies, such as health sector improvements, increases in school enrolment and compulsory education for a reasonable length of time. This underscores the need for policy intervention in the provision and supply of basic health and education services to combat child poverty and possibly break the transmission of parent-to-child poverty. Again, since poverty incidence declines with age in Nigeria, it suggests that a substantial proportion of reported poverty affects younger people. Thus, beyond the economic empowerment of adults (parents), the total development of children is a genuine way to make them escape poverty when they become adults. Regional variations in the magnitude of child poverty should influence the focus and type of policy interventions to halt child poverty. For example, there are fewer children in the north who attend school (without working) compared with the south, thus, highlighting that children in the north are more educationally disadvantaged.

Inequality has remained a major challenge for Nigeria. The nation's overall inequality indicator (or the Gini coefficient) actually rose from 43.0 per cent in 1985 to 49.0 per cent in 1996, and has remained at approximately that level, placing Nigeria among countries with the highest inequality levels in the world. High inequality adds to conditions that prevent sustained growth by depriving a substantial proportion of the population of access to economic opportunities. It has limited the positive effects of growth on poverty reduction, which, in turn, has held back improvements in people's quality of life. Gender inequality is also a key issue. It is fuelled by socio-cultural factors, patriarchy and low education. Gender inequality exists in the form of limited access to credit and financial resources for women, limited involvement in decision making, lower access to education, and social discrimination in addition to a number of harmful traditional practices that tend to discriminate against women.

Concern about inequality, particularly gender inequality, is strong in Nigeria but improvements have been slow in coming. Efforts aimed at bridging the inequality gap between men and women have included promotion of active participation of women in societal activities, development of the National Policy on Women in 2000 which articulates gender mainstreaming in relevant sectors, the enactment of the Child Rights Act 2003, establishment of a Women's Affairs Ministry, and the implementation of a variety of women's empowerment projects by the country's poverty reduction agency, NAPEP. All these notwithstanding, improvements have been rather slow. For example, the proportion of women in the National Assembly rose from 3.1 per cent in 2000 to 7.7 per cent in 2007 but that is still far below the 30 per cent recommended by the Beijing Platform for Action and The Convention on Elimination of All Forms of Discrimination against Women (CEDAW).

Human development indicators for Nigeria remain weak overall with significant variations among states and geo-political zones. States in the southern part of the country have better human development index scores than those in the north. Eight out of the top 10 states with improved indices are in the south, and nine of the 10 states with the poorest HDIs are in the north, where there is also a high prevalence of poverty. From the analysis of the zones, the South South zone scored highest in human development index with an average score of 0.573 while the North East zone comes last with 0.332. While it is desirable to implement measures to raise the aggregate human development index, it would also be necessary to implement measures in a more intensive way to raise human development indices in the north.

Poverty declines as inequality declines and growth improves; but inequality rises with growth. Positive association between growth and inequality potentially suggests that some kind of trade-off has to be accepted. The policy implication of this is that a choice has to be made between promoting growth and reducing inequality. This is a false choice. Given Nigeria's resource profile, and with continuing reforms in resource management, democratic governance and the business of climate, backed by better infrastructure, it is possible to achieve higher growth and lower inequality at the same time. A number of countries have been able to achieve growth with equity. Among the Asian countries that have had both significant growth and relatively low inequality are Hong Kong, Indonesia, Malaysia, Republic of Korea, Singapore, Taiwan and Thailand.

7.2. Policy Recommendations

Nigeria faces the formidable challenge of achieving faster growth, more equitable distribution of income and poverty reduction. Clearly, no single policy can be effective in delivering these; rather, it is necessary to adopt a comprehensive approach to policy formulation. This report offers a series of policy proposals stemming from the analysis in the preceding chapters. In making the policy recommendations, it is noted that the effectiveness of public policies will require vertical cooperation and coordination between the three tiers of government with a proper role assigned to the private sector. The policy recommendations are in three categories:

1. Create an environment for high levels of investment and growth
2. Make growth inclusive
3. Achieve effective multi-tier cooperation

Recommendation 1:

Create an Environment for High Levels of Investment and Growth

Economic growth remains a critical factor in improving people's welfare in Nigeria. Currently, the country is pursuing a vision of becoming one of the 20 largest economies in the world by 2020, and so the need to quicken growth beyond the current 6 per cent average is not debatable. It is estimated that Nigeria would require overall growth of above 10 per cent on a consistent basis to attain this vision. What is more urgent and important, however, is that sustainable human development would require that growth becomes increasingly pro-poor going forward.

To become one of the 20 largest economies by the year 2020, Nigeria requires overall growth of above 10 per cent on a consistent basis. Moreover, growth must become increasingly pro-poor going forward, and renewed efforts should be made to create an environment for high levels of investment.

To build a solid foundation for sustained high growth, it is important to create an environment for high levels of investment. Although both savings and investment have historically been low relative to more rapidly growing economies, there is evidence that the savings rate has improved significantly in recent years. It is there is evidence that the savings rate has improved significantly in recent years. It is thus neither a binding constraint on investment nor the main factor in Nigeria's low growth record. Rather the capacity of the economy to translate improvements in savings to high quality investment appears to be constrained by institutional factors which have manifested in weak financial intermediation, high interest rates, dearth of long-term investment finance and the hostile investment environment, including the high cost of doing business. The recent reforms in the finance industry were intended to address these constraints. There are nevertheless subsisting concerns which policy must address urgently. The most urgent, it appears, is poor funding of domestic real sector activities. Strengthening regulatory oversights on the financial sector can be quite helpful in this regard. In addition, policy has to seek to resolve key post-consolidation challenges in the financial sector and free resources for the needed investment in the real economy.

The immediate focus of the government's growth strategy should be on reforms and investments that will improve investment returns and efficiency, particularly improving power supply and enhancing access to efficient infrastructure. Next, policy makers need to institute reforms that will increase the ability of firms to appropriate returns to investment. Principal among the required reform is the need to ensure macroeconomic stability and improve the institutions and regulations to guide investment behaviour. Furthermore, enhancing access to capital, especially term finance, is important to facilitate effective intermediation of Nigeria's vast resources in support of non-oil sector growth. However, Nigeria requires significant improvement in the quality of human capital to successfully change the composition of economic activities towards higher productivity areas and integrate the economy more fully into the global market. In recognition of these, the present administration has announced and commenced implementation of a 7-Point Agenda at the federal level. Because of its spread and, particularly the focus on food security, energy, physical infrastructure, and the resolution of the Niger Delta crisis, the agenda holds promise for ensuring pro-poor growth if properly implemented. This effort, however, needs to be complemented by similar initiatives by the lower tiers of government for maximum effect.

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1.1 Improving access and quality of physical infrastructure

Efficient economic infrastructure is central to raising productivity and increasing growth in Nigeria. Much of the public infrastructure in the country dates back to the 1970s and 1980s. However, low investment in the rehabilitation and maintenance of existing infrastructure, inadequate infrastructural spending and poor quality of infrastructural expenditure have resulted in low level of access, inefficiency of available infrastructure and high costs. At the moment, Nigeria ranks poorly on several indicators of infrastructural access, cost and quality.

In the case of roads, additions to the network of roads have been very small while about 50 per cent of Nigeria's federal roads are in poor condition. Movement of heavy-duty vehicles on the roads has resulted in serious damage to road surfaces and huge expenditure requirements for maintenance or reconstruction. Concerning energy, the installed power generation capacity is 6,000 mw while the available energy output hovers around 3,000 mw, and sometimes very much less. These are well below the actual demand for power in the country which is estimated at 10,000 mw. Apart from these, transmission and distribution networks are in poor state, leading to significant energy and financial losses over time.

Regarding railways, the infrastructure is dilapidated and serviceable locomotives and rolling stock are lacking. Indeed, only about 5 per cent of freight is handled by the railways. Except for new initiatives in a few states, the Nigerian Railways Corporation is virtually bankrupt. Similarly, port services in Nigeria rank among the most costly and inefficient in the world. This is evident in high waiting times, low handling speeds and high container "dwell" times.

Owing to these inefficiencies, shipping costs have risen significantly. While Lagos Port's entry charges are the highest in the region, Customs clearance and freight forwarding costs are also generally very high with average delays of 21 days considered normal.

Undoubtedly, this infrastructural gap imposes significant extra costs on businesses and reduces their competitiveness. Under the current reform programme, the government is moving from being an exclusive provider of infrastructure to being a provider and facilitator of infrastructure in partnership with the private sector. Additional measures necessary to tackle the infrastructural challenge include the following:

Strengthening the provision of rural infrastructure by enhancing road planning and implementation capacity in the states and local governments

Increasing public investment in rural infrastructure rural road projects, electrification, irrigation and information and communication technology

Engendering seamless infrastructural linkage between rural and urban areas of Nigeria through effective implementation of the National Policy on Rural Travel and Transport

Ensuring standardized and transparent approach in public-private partnerships to attract bidders, stimulate competition, lower prices and reduce government cost share

Strengthening mid-term investment strategies for all infrastructural sectors to ensure transparent project selection criteria, proper costing and inclusion of clear performance indicators

Establishing a Road Fund for periodic and routine maintenance of roads Building and publishing a database of key performance indicators for each concession arrangement to stimulate performance improvements

The Infrastructural gap in country imposes significant extra costs on business and reduces competitiveness. Prioritizing critical infrastructure is a major step in the right direction and needs to be given a push by increased PPP arrangements and effective monitoring mechanisms.

1.2 Maintain spending efficiency

It is necessary to place greater emphasis on the efficiency of public investment spending in order to realize increased outputs and quality services with fewer resources. To this end, the following measures deserve serious consideration:

- Stronger transparency and accountability arrangements in the use of public funds to improve cost efficiency

Policy coordination vertical and horizontal is key to sustaining macroeconomic stability

tability arrangements in the use of public funds to improve cost efficiency in the system built around follow-through on fiscal responsibility and public procurement reform

- Improved quality of project planning and implementation
- Improved government capital project portfolio by focusing on fewer, well-funded and adequately executed priority projects that target poverty and inequality reduction
- Restructured public service delivery to focus on basic services which meet the needs of the majority of the people, especially the poor.

1.3 Maintain macroeconomic stability

No economy can flourish in the midst of macroeconomic instability. This is because large fluctuations in the price level, the exchange rate, the interest rate, or the tax burden serve as a major deterrent to private investment, the proximate driver of growth. In recognition of this, efforts were made to tackle the main source of macroeconomic instability in the economy through the oil price based fiscal rule. These were largely successful until recently when the effects of the global economic crisis became manifest in Nigeria. The following suggestions are made to sustain macroeconomic stability in Nigeria:

- Design and establish a more formal framework such as Sovereign Wealth Fund for the management of oil savings currently held in the Excess Crude Account at the Central Bank of Nigeria. Proper governance of such a fund with clear rules to guide investment and withdrawal is required. The fund will increase public savings, help insulate the economy from shocks and smoothen the effects of the business cycle.
- Ensure fiscal and monetary policy coordination for macroeconomic stability. Essentially, monetary and fiscal policies need to target long-term macro-stability rather than quick wins that take the focus off the path to sustainable development. Single digit inflation need not be a priority in the short term. It is important to decide what level of inflation, interest rate and exchange rate adjustments are tolerable in the short term as a compromise for sustaining high growth. In the long term, low and stable inflation may be achieved with growth and poverty reduction.
- Raise agricultural production and stabilize the exchange rate. In 2008, high food prices contributed significantly to the rising inflation which has exacerbated poverty. Since late 2008, when the exchange rate depreciated sharply, inflation has worsened further. Measures to raise agricultural productivity and stabilize the exchange rate will be in the right direction for achieving growth with equity.
- Achieve vertical coordination and cooperation in government. The achievement and sustenance of macroeconomic stability also require vertical cooperation among the three tiers of government in fiscal matters, not only in spending but also in resolving multiple taxation issues among the three tiers of government and abolishing illegal taxes

1.4 Entrench government reform and improve governance capacity

Nigeria has made significant governance reforms in the last decade. Nevertheless, government needs to entrench its reform achievements to enhance their irreversibility. This can be done through the following:

- Building institutions and processes in support of the reforms
- Introducing legislation to reinforce policy changes
- Making information on government policy and performance routinely available
- Facilitating the creation of new and well-informed coalitions of interest groups in support of the reforms
- Replicating efforts aimed at strengthening institutional and organizational capacities at the federal, state and local government levels
- Promoting broad-based institutional ownership of reforms.

Going forward, there is a need to cut administrative costs and improve administrative efficiency. Related to this is the need to deepen the reform of the public finance system by strengthening the Budget Office of the Federation's supervision of budget preparation and implementation procedures and also to institutionalize effective monitoring and evaluation of development programmes.

1.5 Strengthen institutional arrangements to promote participation and improve coordination

Experience in other countries suggests that local communities can play an important role in ensuring the effective implementation and targeting of poverty alleviation efforts, and making programmes responsive to the needs of the poor. It is important for government to recognize and protect citizens' right to actively participate in the project selection process, especially poorer households. Greater access to appropriate channels through which the poor can express their opinions would promote their participation in public affairs. Also, stimulating the participation of the media and civil society, for instance, could promote reforms of the budget system and ensure effective budget monitoring and implementation.

Furthermore, it is necessary to better manage relations between the government and civil society organizations. After many years of reform, there is need for a framework to manage the interactions between the government, market agents and civil society organizations. Procedural laws seem not to have clarified the status and functions of civil society organizations in public service delivery. Over time, increased civic and non-state participation in public service systems will help transform government functions by encouraging scrutiny of their services and greater openness to feedback on performance.

Another major challenge is one of inter-agency coordination. A central theme of this report has been that Nigeria's current poverty reduction agenda is not limited to just targeted poverty alleviation programmes, but also includes pro-poor interventions across a wide range of areas covering education, health, agriculture, social assistance and social insurance. This broad spectrum of poverty reduction efforts raises the enormous challenge of institutional coordination across different agencies that are responsible for their implementation. However, as in the past, coordination

Efforts aimed at strengthening institutions should embody popular participation and inter-agency coordination to deliver results.

are responsible for their implementation. However, as in the past, coordination among government agencies has proved difficult because each agency has its own priorities and is reluctant to relinquish control over resources. The lack of effective coordination limits the overall effectiveness of poverty reduction initiatives.

1.6 Improve the rule of law and transparency

Corruption negatively influences the administration of justice and enforcement of laws. It contributes to the misallocation and mismanagement of scarce resources, increases costs and deters private investment and, thus, growth and poverty reduction. It is imperative, therefore, to:

- Strengthen and actively follow through on existing anti-corruption laws, mechanisms and institutions
- Create a more favourable legal environment through appropriate legislation and amendment of existing laws
- Strengthen law enforcement
- Increase transparency in the conduct of government business – transparency of government operations and sanctioning of corrupt officials.

1.7 Strengthen financial sector intermediation

A well-developed financial system can help an economy to grow by mobilizing savings, allocating funds to investment, and redistributing risks. However, if the financial system fails to reach large portions of the population, people will not be able to save. The same applies to other financial transactions like credit. Deprived of savings and bank loans, the poor often lack access to credit, which makes it harder for them to start a business or expand one. Indeed, as earlier noted, a large share of savings is not channelled into productive investments in Nigeria. Banks are generally very cautious in providing credit to the real sector and the poor. Weak financial intermediation capacity has hindered investment as firms especially SMEs have been forced to rely on expensive alternative private sources of finance. Major policy roles exist for government to provide an enabling lending environment. These include:

- Developing land property registries to enable banks to offer secured lending products and mortgage finance
- Formalizing property rights with supporting legal institutions to facilitate local investment and entrepreneurial activity, including the scaling-up of successful businesses
- Determining the extent to which the country's microfinance policy objectives have been achieved and the attendant constraints
- Enhancing the quality of regulation of the Nigerian capital market to guarantee its safe operation
- Providing greater access to credit and information to the poor. Credit opens markets to the poor and can make small farmers and artisans more economically viable by allowing them to enlarge their scale of production, to take more risks and take a longer-term view on their productive activities.

The poor and low income segments of the population are underserved with financial services; the micro-finance policy should be supported by effective surveillance and information dissemination to ensure its effectiveness.

Recommendation 2

Make Growth Pro-Poor and Inclusive

In spite of the economic growth recorded in recent years, progress in human development has been quite unimpressive in Nigeria considering various indicators such as poverty incidence, inequality and access to basic social services. As earlier noted, poverty incidence is still very high. The manifestation of disparities includes gender inequality in educational attainment with female primary and secondary school enrolment rates being consistently lower than the national average, and inequality in asset distribution such that 20 per cent of the population own 65 per cent of national assets. Additionally, there is unequal access to basic needs and social infrastructure by sector (urban and rural) and within sector (urban poor versus urban non-poor, and rural poor versus non poor). Growth in Nigeria, therefore, has to incorporate distributive features and a higher level of inclusiveness. The broad policy measures to make growth pro-poor in Nigeria include the following:

2.1 Promote human capital development

Significant improvements in investment, institutional capacity and access to and quality of basic social services will contribute to higher growth and a reduction in inequality. In this regard, there is a particularly heavy burden of responsibility at state and local government levels to align resource allocation, expenditure and management with these priorities. The following measures are proposed for the way forward:

- Invest in people's education, health and nutrition as these create knowledge, broaden skills, and improve health. This is necessary for sustaining economic growth, raising living standards and enriching people's lives
- Focus public spending on essential social services of basic education and literacy, primary healthcare, reproductive health, nutrition and safe drinking water and sanitation, with a view to making social services pro-poor. In this respect, budget restructuring is indispensable to favour basic social services more and it is necessary to ensure that budget allocations are actually used for the purposes stipulated in the budget
- Increase public spending on social services and enhance access to basic education and primary health care by building on existing government policy (e.g., to provide free compulsory education for all, the country should enhance the access of all children, boys and girls, in urban and rural areas, in wealthier and poorer areas). With regard to education, in particular, government needs to:
  – monitor the quality of actual results like completion rates, testing results, and surveys of households on their satisfaction with the accessibility and quality of compulsory education services; strengthen the mid-day meal programme; and give scholarships to indigent students from underprivileged backgrounds.
- Public policy needs to go beyond building up people's capabilities by matching these capabilities with opportunities. This would significantly link the supply of human capital with the demand for it
- Provide vocational training centres to equip youths, in particular, for (self-) employment linked to real needs in the labour market
- Facilitate maintenance of community level projects (e.g., Through community development funds)

To implement an inclusive and pro-poor growth model, government needs to promote human capital development, provide social services, increase public spending, enhance access to education, provide safety nets for the vulnerable groups and step up investment in the rural areas level projects (e.g., Through commu-nity development funds)

2.2 Provide safety nets for vulnerable groups

There are subgroups of the poor who are unable to take advantage of income earning opportunities or who may be adversely affected by policies. The groups include the unemployed, the physically challenged, the elderly, the ill, and women overburdened with reproduction and child care. The appropriate policy imperative here should be targeted transfers – safety nets such as cash transfers, fee waivers, school lunches, nutrition programmes for pregnant and nursing women, as well as children under 5 years, low-cost shelter and public works schemes. In recent years, the targeting and effectiveness of transfers have been the subject of much discussion to ensure that only the really poor benefit. This means that the beneficiaries must be correctly identified for the benefits not to leak to the non-poor. And to be successful, safety-net programmes have to be depoliticized, decentralized, and rooted in community-based initiatives and organizations. It is also important for government to generate and maintain a database on identified vulnerable groups.

2.3 Step up investment in rural areas

- ***Develop rural infrastructure***

Self-employment is capable of reducing inequality. From a growth and employment perspective, self-employment needs to be enhanced by scaling up the provision of physical (road network, electricity, water) and social infrastructure (education, skills, healthcare) in rural areas. As these are largely the responsibilities of state and local governments, reform of governance at these levels is indeed critical for rural development.

Agriculture still provides both formal and informal employment for a large majority of Nigerians. It offers greater opportunities for accelerating poverty reduction and achieving pro-poor growth through increased employment and income generation than other sectors, as well as higher forward linkages with manufacturing than the oil and gas sector. To increase agricultural output, gover-nment needs to:

- Accelerate agricultural growth through land augmenting techno-logical progress
- Focus on scientific agriculture to improve productivity. Research results should reach farmers through more effective extension services
- Add value to raw agricultural produce through processing
- Diversify agriculture and complement crop production with adequate livestock production and fisheries to enhance access to, and competi-tiveness of, regional trade
- Increase credit availability to farmers and competitive returns on their investment

Focused support for agriculture and farm income is required through minimum price guarantees, promotion of commodity value chains and access to credit complemented by improved extension services, access to markets and development/upgrading of irrigation infrastructure for dry season farming.

- ***Promote opportunity by raising the***

returns to labour

In both rural and urban areas of Nigeria, what households lack mostly are adequate returns on their main asset, which is their labour, and what they need is greater and more rewarding employment. Raising the returns on the labour of the rural poor and the urban disadvantaged is, therefore, critical to promoting their opportunities for increased incomes and improved livelihoods.

- ***Create employment in the rural economy***

In Nigeria, the potential for increasing employment in agriculture through technological change and agrarian reform is considerable. But this requires a rural-focused, employment-oriented development strategy. The basic objective of this strategy should be to create conditions for maximum labour absorption in the rural economy through several basic measures:

- Fostering linkages between agricultural and non-agricultural activities by increasing effective demand of agriculture for the products of non-agriculture enterprises, especially those located in the rural areas and increasing prospects for agro-processing in rural areas and urban centres
- Growing domestic demand for agricultural output rapidly. This can occur through accelerated growth in employment in the non-farm sector, facilitated, in turn, by the indirect effects of agricultural growth
- Building skills in rural areas for off-farm employment

Even as an emphasis on tackling rural poverty is entirely appropriate, it would however be imprudent to neglect the situation and problems of the relatively disadvantaged groups in urban areas. The need for a balanced development of both the urban and rural areas in any society cannot be overemphasized.

Recommendation 3

Achieve Effective Multi-Tier Cooperation

This report lays out an expansive agenda of policy actions and investments which can have a significant impact on Nigeria's human development indices over the medium term as long as there is persistent, focused, and determined leadership to make the difference. More importantly, the fact of federalism, marked by the overlapping of economic and political responsibilities among tiers of government, makes intergovernmental cooperation essential, if not inevitable, to achieve the goals of human development in a federation. In the Nigerian federation, the 36 states, the Federal Capital Territory as well as 774 local governments share about 45 per cent of consolidated revenue while the federal government controls the rest. However, the federal government has no statutory powers to control the sub-national governments for the purposes of macro stabilization. Apart from this, areas such as primary and secondary education, primary and secondary healthcare services, rural roads and infrastructure, water and sanitation and community services, with direct implications for human development, are assigned to these lower tiers of government in Nigeria. However, the federal government often provides services in most of the areas where the sub-national governments have respon-sibilities, thus resulting in conflicts, waste and inefficiencies the adoption of a cooperative approach to governance is, therefore,

To accelerate human development, given the overlapping economic and political responsibilities among tiers of government, there is need for a much stronger and effective multi-tier cooperation.

inefficiencies the adoption of a cooperative approach to governance is, therefore, essential. Towards this end, strengthening of institutional coordination across the three tiers of government, particularly the national councils on planning and the sectoral councils, should be given strong emphasis. Progress on these fronts will enable a pattern of accelerated growth of an inclusive kind in the country.

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Statistical Appendix
Technical Note
Explanatory Notes

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Human Development Index (HDI) for States

	Life Expectancy at Birth (years)	*Adult literacy Rate (% Aged 15and Above)	*Combined Gross Enrolment Ratio for Primary and Secondary	GDP Per Capital (US$)	Life Expectancy Index	Education Index	GDP Index	Human Develop-ment Index (HDI) Value
Nigeria	**50**	**64.2**	**85.4**	**1 156.82**	**0.419**	**0.712**	**0.409**	**0.513**
Abia	53	79.2	110.4	407.75	0.458	0.896	0.235	0.530
Adamawa	47	54.6	88.6	209.34	0.358	0.659	0.123	0.380
Akwa Ibom	49	80.0	102.0	3 813.01	0.392	0.873	0.608	0.624
Anambra	47	77.0	110.8	163.14	0.358	0.883	0.082	0.441
Bauchi	50	38.7	49.2	166.82	0.408	0.422	0.085	0.305
Bayelsa	50	64.3	100.6	5 388.02	0.408	0.764	0.665	0.613
Benue	48	65.4	110.0	1 434.43	0.375	0.803	0.445	0.541
Borno	53	26.9	43.0	529.52	0.458	0.322	0.278	0.353
Cross River	54	74.6	111.1	604.58	0.483	0.867	0.300	0.550
Delta	50	72.9	109.5	2 325.23	0.417	0.851	0.525	0.598
Ebonyi	48	56.6	114.0	197.68	0.383	0.757	0.114	0.418
Edo	47	76.2	111.4	327.62	0.367	0.879	0.198	0.481
Ekiti	55	74.4	118.8	316.56	0.500	0.892	0.192	0.528
Enugu	53	74.6	111.1	307.67	0.458	0.868	0.188	0.505
Gombe	49	51.7	41.6	352.35	0.400	0.483	0.210	0.364
Imo	51	75.4	112.1	412.32	0.425	0.876	0.236	0.512
Jigawa	48	38.7	33.2	996.01	0.375	0.368	0.384	0.376
Kaduna	47	62.3	90.6	707.00	0.367	0.717	0.326	0.470
Kano	51	57.5	61.4	683.76	0.433	0.588	0.321	0.447
Katsina	53	36.5	50.7	994.28	0.458	0.412	0.383	0.418
Kebbi	51	48.6	40.5	508.50	0.433	0.459	0.271	0.388
Kogi	48	63.5	118.9	147.01	0.383	0.820	0.064	0.422
Kwara	51	55.6	96.4	320.21	0.433	0.692	0.194	0.440
Lagos	48	89.4	105.5	2 554.98	0.375	0.948	0.541	0.621
Nasarawa	51	51.1	101.2	1 226.65	0.433	0.678	0.418	0.510
Niger	54	41.7	66.7	1 687.79	0.483	0.500	0.472	0.485
Ogun	53	68.5	101.4	247.28	0.467	0.795	0.151	0.471
Ondo	51	75.8	114.4	1 688.34	0.425	0.887	0.472	0.594
Osun	54	73.8	109.4	183.07	0.483	0.857	0.101	0.480
Oyo	52	72.6	103.5	280.29	0.450	0.829	0.172	0.484
Plateau	45	60.6	108.4	194.57	0.333	0.765	0.111	0.403
Rivers	45	80.5	116.1	5 210.69	0.333	0.924	0.660	0.639
Sokoto	51	67.4	42.3	1 488.98	0.425	0.590	0.451	0.489
Taraba	49	52.1	89.1	141.78	0.392	0.644	0.058	0.365
Yobe	50	24.3	44.0	261.00	0.408	0.308	0.160	0.292

States	Population	GDP in Million Naira	GDP per Capita Naira	GDP per Capita in US $
Abia	3,051,841	156,581.86	51,307.34	407.75
Adamawa	3,352,085	88,296.94	26,340.90	209.34
Akwa Ibom	3,841,712	1,843,218.56	479,790.93	3,813.01
Anambra	4,459,236	91,536.69	20,527.44	163.14
Bauchi	4,563,897	95,798.53	20,990.51	166.82
Bayelsa	1,788,957	1,212,867.01	677,974.38	5,388.02
Benue	4,390,184	792,405.51	180,494.83	1,434.43
Borno	4,044,366	269,473.62	66,629.39	529.52
Cross River	3,048,375	231,901.19	76,073.71	604.58
Delta	4,130,761	1,208,594.31	292,583.94	2,325.23
Ebonyi	2,317,922	57,656.38	24,874.17	197.68
Edo	3,463,629	142,784.30	41,223.90	327.62
Ekiti	2,449,007	97,551.83	39,833.22	316.56
Enugu	3,388,168	131,168.00	38,713.55	307.67
Gombe	2,374,698	105,286.06	44,336.61	352.35
Imo	3,963,039	205,609.17	51,881.69	412.32
Jigawa	4,585,695	574,713.28	125,327.41	996.01
Kaduna	6,276,729	558,386.58	88,961.40	707.00
Kano	9,266,314	797,251.26	86,037.58	683.76
Katsina	5,984,866	748,767.07	125,110.08	994.28
Kebbi	3,298,579	211,057.04	63,984.23	508.50
Kogi	3,424,637	63,348.75	18,497.95	147.01
Kwara	2,469,200	99,490.24	40,292.50	320.21
Lagos	9,131,112	2,935,593.30	321,493.52	2,554.98
Nasarawa	1,926,153	297,301.17	154,349.72	1,226.65
Niger	3,862,030	820,194.99	212,374.06	1,687.79
Ogun	3,721,345	115,791.01	31,115.37	247.28
Ondo	3,587,265	762,093.19	212,444.07	1,688.34
Osun	3,441,186	79,271.30	23,036.04	183.07
Oyo	5,505,815	194,182.18	35,268.56	280.29
Plateau	3,356,070	82,165.65	24,482.70	194.57
Rivers	5,084,192	3,333,507.68	655,661.25	5,210.69
Sokoto	3,822,365	716,154.16	187,358.92	1,488.98
Taraba	2,411,441	43,020.00	17,839.95	141.78
Yobe	2,232,186	73,308.50	32,841.58	261.00
Zamfara	3,305,851	659,406.94	199,466.63	1,585.21
FCT Abuja	592,886	761,583.40	1,284,535.97	10,208.50

Table 1.1: GDP per Capita in US Dollars - 2007

Table 1.21: Index of Economic Activities as a Proxy for SGDP 2007

S/N	State	Crop Production	Livestock	Forestry	Fishing	Coal Mining	Crude Oil & Natural Gas	Metal Ores	Quarrying & Other Mining	Oil Refining	Cement	Other Manufacturing
1	Abia	11 965.76	779.55	0.00	13.88	0.00	83 812.63	0.13	152.97	0.00	0.00	2 261.54
2	Adamawa	14 945.26	32 723.68	0.00	61.61	0.00	0.00	0.05	58.48	0.00	0.00	864.53
3	Akwa Ibom	12 739.55	1 588.88	5 028.72	571.64	0.00	1 737 353.15	0.29	338.80	0.00	0.00	5 008.70
4	Anambra	19 169.90	1 328.01	0.00	161.24	0.00	0.00	0.15	179.60	0.00	0.00	2 655.14
5	Bauchi	17 414.55	25 441.35	0.00	101.04	0.00	0.00	0.09	100.39	0.00	0.00	1 484.19
6	Bayelsa	1 100.33	438.11	0.00	492.98	0.00	1 164 404.99	0.19	217.27	0.00	0.00	3 212.08
7	Benue	734 735.02	977.67	0.00	5.82	0.00	0.00	0.11	125.43	0.00	3 281.71	1 854.31
8	Borno	165 340.46	53 894.97	0.00	65.61	0.00	0.00	0.08	91.60	0.00	0.00	1 354.12
9	Cross River	19 876.53	1 278.89	7 543.08	333.44	0.00	152 174.99	0.09	110.29	0.00	0.00	1 630.50
10	Delta	565.31	6 158.26	11 733.69	471.12	0.00	1 045 269.92	0.46	538.77	1 661.33	0.00	7 965.11
11	Ebonyi	24 108.06	2 751.73	0.00	47.57	0.00	0.00	0.08	98.03	0.00	0.00	1 449.22
12	Edo	39 818.67	7 280.37	15 924.25	4.91	0.00	17 725.25	0.10	113.98	0.00	1 939.19	1 685.11
13	Ekiti	47 026.80	288.75	14 248.05	0.00	0.00	0.00	0.08	90.72	0.00	0.00	1 341.25
14	Enugu	44 305.78	1 389.40	0.00	159.33	0.03	0.00	0.28	323.71	0.00	0.00	4 785.68
15	Gombe	45 211.77	23 999.55	0.00	228.08	0.00	0.00	0.09	110.75	0.00	0.00	1 637.32
16	Imo	31 979.14	1 317.26	0.00	0.00	0.00	119 022.07	0.09	102,74	0.00	0.00	1 518.83
17	Jigawa	514 227.50	19 949.75	0.00	320.67	0.00	0.00	0.05	60.71	0.00	0.00	897.58
18	Kaduna	439 641.60	13 491.85	0.00	335.97	0.00	0.00	0.21	248.26	3 213.42	0.00	3 670.23
19	Kano	575 510.58	47 978.59	0.00	0.00	0.00	0.0	0.47	546.02	0.00	0.00	8 072.24
20	Katsina	641 742.34	43 649.79	0.00	0.00	0.00	0.00	0.11	133.89	0.00	0.00	1 979.36
21	Kebbi	162 236.73	11 998.22	0.00	757.76	0.00	0.00	0.06	73.10	0.00	0.00	1 080.68
22	Kogi	9 110.50	5 965.64	0.00	240.42	0.10	0.00	0.06	74.78	0.00	2 685.04	1 105.60
23	Kwara	54 092.03	1 467.70	0.00	90.10	0.00	0.00	0.08	90.76	0.00	0.00	1 341.81
24	Lagos	625.87	291.55	0.00	491.51	0.00	0.00	15.65	18 262.14	0.00	0.00	269 983.20
25	Nasarawa	262 076.63	1 911.01	0.00	19.12	0.00	0.00	0.03	37.91	0.00	0.00	560.39
26	Niger	739 484.59	13 566.13	0.00	406.74	0.00	0.00	0.06	67.39	0.00	0.00	996.33
27	Ogun	12 048.06	1 330.08	4 190.60	33.35	0.00	0.00	0.21	243.65	0.00	4 475.06	3 602.00
28	Ondo	29 305.01	537.18	12 571.81	208 318.01	0.00	436 336.43	0.19	226.06	0.00	0.00	3 342.08
29	Osun	20 978.26	690.53	9 219.322	25.00	0.00	0.00	0.07	80.51	0.00	0.00	1 190.18
30	Oyo	54 395.68	10 798.62	3 352.48	8.26	0.00	0.00	0.32	369.58	0.00	0.00	5 463.77
31	Plateau	17 013.45	14 241.65	0.00	306.92	0.00	0.00	0.07	83.95	0.00	0.00	1 241.15
32	Rivers	914.40	1 229.80	0.00	793.76	0.00	2 776 943.16	2.49	2 907.38	36 481.01	0.00	42 982.03
33	Sokoto	623 089.81	35 951.47	0.00	61.59	0.00	0.00	0.15	174.26	0.00	2 535.87	2 576.23
34	Taraba	9 087.83	5 859.21	0.00	305.91	0.00	0.00	0.05	63.61	0.00	0.00	940.36
35	Yobe	21 801.22	26 219.19	0.00	109.83	0.00	0.00	0.03	34.89	0.00	0.00	515.83
36	Zamfara	597 832.82	14 530.36	0.00	61.27	0.00	0.00	0.13	149.85	0.00	0.00	2 215.37
37	FCT	8 863.18	856.94	0.00	81.57	0.00	0.00	4.07	4 744.83	0.00	0.00	70 146.39
	Total	6 024 381.00	434 151.66	83 812.04	215 523.03	0.040	7 533 042.60	26.94	31 427.07	41 355.75	14 916.86	464 610.41

TABLE 1.22: Index of Economic Activity as a Proxy for SGDP 2007 (Contd)

S/N	State	Electricity	Water	Building & Construction	Wholesale and Retail Trade	Hotel and Restaurants	Road Transport	Rail Transport & Pipelines	Water Transport	Air Transport	Transport Services	Telecommunications
1	Abia	0.00	9.53	1 297.04	14 820.76	354.55	9 602.93	0.00	0.00	0.00	110.53	1 177.06
2	Adamawa	0.00	3.64	495.83	5 665.62	135.54	6 293.08	0.00	0.00	52.20	42.25	449.96
3	Akwa Ibom	0.00	21.11	2 872.59	32 823.95	785.24	4 128.25	0.00	175.60	0.00	244.79	2 606.87
4	Anambra	0.00	11.19	1 522.78	17 400.14	416.26	3 973.33	0.00	0.00	0.00	129.77	1 381.91
5	Bauchi	0.00	6.25	851.21	9 726.47	232.68	4 016.91	0.00	0.00	0.00	72.54	772.47
6	Bayelsa	0.00	13.54	1 842.20	21 050.01	503.57	1 198.57	0.00	292.67	0.00	156.99	1 671.78
7	Benue	0.00	7.81	1 063.48	12 152.00	290.71	3 960.55	0.00	0.00	0.00	90.63	965.11
8	Borno	0.00	5.71	776.62	8 874.09	212.29	4 714.77	0.95	0.00	95.71	66.18	704.78
9	Cross River	2 629.23	6.87	935.13	10 685.30	255.62	9 029.63	0.00	105.36	104.41	79.69	848.62
10	Delta	9 20231	33.57	4 568.16	52 198.49	1 248.73	16 885.12	0.00	117.07	43.50	389.29	4 145.59
11	Ebonyi	0.00	6.11	831.16	9 497.33	227.20	807.38	0.00	0.000	0.00	70.83	754.27
12	Edo	00.00	7.10	966.44	11 043.16	264.18	11 921.30	0.00	0.00	43.50	82.36	877.04
13	Ekiti	0.00	5.65	769.24	8 789.75	210.28	2 339.66	0.00	0.00	0.00	65.55	698.08
14	Enugu	0.00	20.17	2 744.69	31 362.41	750.28	9 688.79	0.00	0.00	104.41	233.89	2 490.79
15	Gombe	0.00	6.90	939.04	10 729.99	256.69	1 602.29	0.00	0.00	0.00	80.02	852.17
16	Imo	0.00	6.40	871.08	9 953.50	238.12	8 080.98	0.00	0.00	147.91	74.23	790.50
17	Jigawa	0.00	3.78	514.78	5 882.18	140.72	1 735.74	0.00	0.00	0.00	43.87	467.16
18	Kaduna	0.00	15.47	2 104.98	24 052.43	575.40	15 947.23	1.91	0.00	17.40	179.38	1 910.24
19	Kano	0.00	34.02	4 629.60	52 900.58	1 265.53	21 798.58	2.86	0.00	208.81	394.52	4 201.35
20	Katsina	0.00	8.34	1 135.20	12 971.50	310.31	3 102.45	0.00	0.00	0.00	96.74	1 030.19
21	Kebbi	0.00	4.55	619.79	7 082.14	169.42	2 360.51	0.00	0.00	0.00	52.82	562.46
22	Kogi	5 258.46	4.66	634.08	7 245.41	173.33	3 634.30	0.00	0.00	0.00	54.03	575.43
23	Kwara	0.00	5.65	769.56	8 793.41	210.36	10 652.47	0.00	0.00	0.00	65.58	698.37
24	Lagos	7 887.69	1 137.74	154 841.13	1 769 305.56	42 326.69	107 110.50	3.82	81.95	1 322.48	13 195.15	140 517.64
25	Nasarawa	0.00	2.36	321.39	3 672.43	87.85	13 237.17	0.00	0.00	0.00	27.39	291.66
26	Niger	12 707.95	4.20	571.41	6 529.31	156.20	12 912.29	0.00	0.00	0.00	48.69	518.56
27	Ogun	0.00	15.18	2 065.82	23 605.29	564.70	23 570.39	0.00	0.00	0.00	176.04	1 874.72
28	Ondo	0.00	14.08	1 916.76	21 901.97	523.96	11 388.46	0.000	257.55	26.10	163.34	1 739.45
29	Osun	0.00	5.02	682.60	7 799.74	186.59	7 630.80	0.00	0.00	0.00	58.17	619.45
30	Oyo	0.00	23.02	3 133.59	35 806.22	856.58	21 726.94	0.00	0.00	0.00	267.04	2 843.72
31	Plateau	4 382.05	5.23	711.82	8 133.73	194.58	8 121.94	0.00	0.00	0.00	60.66	645.98
32	Rivers	1 752.82	181.13	24 651.11	281 678..03	6 738.52	40 522.70	0.00	140.48	591.64	2 100.70	22 370.77
33	Sokoto	0.00	10.86	1 477.52	16 883.04	403.89	2 493.08	0.00	0.00	0.00	125.91	1 340.85
34	Taraba	0.00	3.96	539.32	6 162.54	147.43	1 114.35	0.00	0.00	0.00	45.96	489.43
35	Yobe	0.00	2.17	295.84	3 380.44	80.87	2 469.16	0.00	0.00	0.00	25.21	268.47
36	Zamfara	0.00	9.34	1 270.56	14 518.18	347.32	2 255.25	0.00	0.00	0.00	108.27	1 153.03
37	FCT	0.00	295.61	40 230.45	459 696.76	10 997.22	32 962.10	0.00	0.00	1 809.71	3 428.33	36 508.96
	Total	43 820.51	1 957.93	266 463.99	3 044 773.87	72 839.43	444 989.96	9.55	1 170.70	4 567.79	22 707.36	241 814.89

Table 1.23: Index of Economic Activities as a Proxy for SGDP 2007

S/N	State	Post	Financial Institutions	Insurance	Real Estate	Business Services (Not Health or Education)	Public Administration	Education	Health	Private Non Profit Organisations	Other Services	Broadcasting	Total	% of Total
1	Abia	8.45	9 402.77	286.67	17 642.57	262.98	736.62	785.14	88.78	0.80	995.19	13.02	156 581.86	0.76
2	Adamawa	3.23	4 226.93	128.87	19 722.47	100.53	281.59	510.41	1 145.45	0.30	380.44	4.98	88 296.94	0.43
3	Akwa Ibom	18.72	6 814.85	207.77	24 404.58	582.43	1 631.41	835.56	200.44	1.76	2 204.07	28.84	1 843 218.56	8.92
4	Anambra	9.92	13 457.18	410.27	26 034.52	308.75	864.82	844.98	92.23	0.93	1 168.39	15.29	91 536.69	0.44
5	Bauchi	5.55	4 226.93	128.87	29 112.53	172.59	483.42	671.05	115.25	0.52	653.11	8.55	95 798.53	0.46
6	Bayelsa	12.00	2 415.39	73.64	10 603.96	373.51	1 046.22	308.22	5.68	1.13	1 413.47	18.49	1 212 867.01	5.87
7	Benue	6.93	4 054.41	123.61	26 266.18	215.62	603.97	710.77	86.34	0.65	815.99	10.68	792 405.51	3.844
8	Borno	5.06	5 434.63	165.69	25 842.54	157.46	441.06	536.33	88.78	0.48	595.88	7.80	269 473.62	1.30
9	Cross River	6.09	4 054.41	123.61	17 984.76	189.60	531.08	545.76	110.74	0.57	717.50	9.39	231 901.19	1.12
10	Delta	29.76	11 128.05	339.26	25 513.83	926.21	2 594.35	828.30	485.06	2.80	3 505.04	45.86	1 208 594.35	5.85
11	Ebonyi	5.42	1 639.01	49.97	13 530.76	168.52	472.03	406.33	88.78	0.51	637.73	8.34	57 656.38	0.28
12	Edo	6.30	10 179.15	310.33	20 035.17	195.95	548.86	792.62	230.13	0.59	741.53	9.70	142 784.30	0.69
13	Ekiti	5.01	5 089.57	155.17	14 842.50	155.97	436.87	345.51	48.97	0.47	590.22	7.72	97 551.83	0.47
14	Enugu	17.88	6 901.12	210.40	20 277.75	556.49	1 558.76	1 046.80	103.74	1.69	2 105.93	27.56	131 168.00	0.63
15	Gombe	6.12	2 760.45	84.16	14 653.67	190.39	533.30	656.21	16.59	0.58	720.50	9.43	105 286.06	0.51
16	Imo	5.68	4 658.25	142.02	24 496.04	176.61	494.71	764.70	90.66	0.53	668.36	8.75	205 609.17	1.00
17	Jigawa	3.35	2 156.60	65.75	27 071.77	104.37	292.35	283.48	90.66	0.32	394.98	5.17	574 713.28	2.78
18	Kaduna	13.71	9 920.35	302.45	37 766.34	426.79	1 195.45	1 236.12	481.93	1.29	1 615.08	21.13	558 386.58	2.70
19	Kano	30.16	11 214.31	341.89	58 416.50	938.67	2 629.25	2 444.55	90.66	2.84	52.18	46.48	797 251.26	3.86
20	Katsina	7.40	3 278.03	99.94	36 060.70	230.17	644.71	795.63	607.17	0.70	871.01	11.40	748 767.07	3.62
21	Kebbi	4.04	2 415.39	73.64	20 161.52	125.67	351.99	358.46	85.91	0.38	475.55	6.22	211 057.04	1.02
22	Kogi	4.13	4 313.20	31.50	20 409.66	128.56	360.11	742.47	4.01	0.39	486.52	6.37	63 348.75	0.31
23	Kwara	5.01	4 226.93	128.87	14 760.81	156.03	437.05	808.33	90.66	0.47	590.46	7.73	99 490.24	0.48
24	Lagos	1 008.87	102 740.36	3 132.28	56 112.21	31 394.53	87 937.47	3 158.53	2 253.46	95.06	118 805.70	1 554.54	2 935 593.30	14.21
25	Nasarawa	2.09	2 156.60	65.75	11 599.50	65.16	182.53	671.72	62.47	0.20	246.60	3.23	297 301.17	1.44
26	Niger	3.72	5 262.10	160.43	24 591.60	115.86	324.52	786.58	535.82	0.35	438.43	5.74	820 194.99	3.97
2	Ogun	13.46	9 747.83	297.19	23 208.63	418.85	1 173.22	1 500.27	29.34	1.27	1 585.05	20.74	115 791.01	0.56
28	Ondo	12.49	7 504.96	228.81	21 421.50	388.63	1 088.57	1 215.92	172.78	1.18	1 470.68	19.24	762 093.19	3.69
29	Osun	4.45	6 297.27	191.99	21 312.63	38.40	387.66	1 058.11	183.55	0.42	523.74	6.85	79 271.30	0.38
30	Oyo	20.42	12 939.59	394.49	34 809.48	635.35	1 779.63	1 947.14	172.55	1.92	2 404.32	31.46	194 182.18	0.94
31	Plateau	4.64	5 089.57	155.17	19 788.53	144.32	404.26	794.61	87.62	0.44	546.17	7.15	82 165.65	0.40
32	Rivers	160.61	16 735.21	510.21	32 280.82	4 998.09	13 999.87	2 553.39	110.74	15.13	18 914.18	247.49	3 333 507.68	16.14
33	Sokoto	9.63	3 105.50	94.68	23 015.03	299.57	839.12	430.79	85.91	0.91	1 133.67	14.83	716 154.16	3.47
34	Taraba	3.51	2 415.39	73.64	14 322.84	109.35	306.29	524.61	84.87	0.33	413.80	5.41	43 020.00	0.21
35	Yobe	1.93	2 415.39	73.64	14 452.67	59.98	168.01	463.51	240.07	0.18	226.99	2.97	73 308.50	0.35
36	Zamfara	8.28	1 984.07	60.49	20 293.61	257.61	721.58	446.08	195.08	0.78	974.87	12.76	659 406.94	3.19
37	FCT	262.12	18 460.48	562.81	8 747.84	8 156.85	22 847.71	547.60	75.46	24.70	30 867.81	403.90	761 583.40	3.69
	Total	1 736.15	330 822.23	10 085.88	871 568.00	54 026.42	151 330.40	33 356.60	8 738.36	163.59	204 451.11	2 675.18	20 657 317.67	100.00

Table 1.31: Education Index by states

State	Adult Literacy Rate	Adult Literacy Index Within Nigeria	Gross Enrolment Ratio	Gross Enrolment Index Within Nigeria	Education Index
Nigeria	64.2	0.642	85.4	0.854	0.712
Abia	79.2	0.843	110.4	0.902	0.863
Adamawa	54.6	0.466	88.6	0.646	0.526
Akwa Ibom	80.0	0.855	102.0	0.803	0.838
Anambra	77.0	0.810	110.8	0.906	0.842
Bauchi	38.7	0.222	49.2	0.186	0.210
Bayelsa	64.3	0.615	100.6	0.786	0.672
Benue	65.4	0.631	110.0	0.897	0.720
Borno	26.9	0.040	43.0	0.114	0.065
Cross River	74.6	0.772	111.1	0.909	0.818
Delta	72.9	0.747	109.5	0.890	0.795
Ebonyi	56.6	0.496	114.0	0.944	0.645
Edo	76.2	0.798	114.4	0.913	0.836
Ekiti	74.4	0.771	118.8	0.999	0.847
Enugu	74.6	0.774	111.1	0.910	0.819
Gombe	51.7	0.421	41.6	0.098	0.313
Imo	75.4	0.785	112.1	0.921	0.830
Jigawa	38.7	0.221	33.2	0.000	0.147
Kaduna	62.3	0.583	90.6	0.670	0.612
Kano	57.5	0.510	61.4	0.329	0.450
Katsina	36.5	0.188	50.7	0.204	0.193
Kebbi	48.6	0.374	40.5	0.085	0.278
Kogi	63.5	0.603	118.9	1.000	0.735
Kwara	55.6	0.481	96.4	0.737	0.566
Lagos	89.4	1.000	105.5	0.844	0.948
Nasarawa	51.1	0.412	101.2	0.793	0.539
Niger	41.7	0.268	66.7	0.391	0.309
Ogun	68.5	0.680	101.4	0.796	0.718
Ondo	75.8	0.792	114.4	0.948	0.844
Osun	73.8	0.760	109.4	0.889	0.803
Oyo	72.6	0.743	103.5	0.821	0.769
Plateau	60.6	0.558	108.4	0.878	0.665
Rivers	80.5	0.864	116.1	0.967	0.898
Sokoto	67.4	0.662	42.3	0.105	0.476
Taraba	52.1	0.428	89.1	0.653	0.503
Yobe	24.3	0.000	44.0	0.125	0.042
Zamfara	48.8	0.377	34.5	0.014	0.256
FCT	77.5	0.817	108.6	0.880	0.838

Table 1.32: Male Education Index by States

State	Male Adult Literacy Rate	Male Adult Literacy Index	Male Gross Enrolment Ratio	Male Gross Enrolment Index	Male Education Index
Nigeria	73.2	0.732	94.4	0.944	0.803
Abia	85.7	0.863	124.7	0.870	0.865
Adamawa	65.1	0.527	105.8	0.682	0.579
Akwa Ibom	85.0	0.852	111.1	0.735	0.8135
Anambra	81.0	0.786	120.5	0.829	0.800
Bauchi	49.2	0.267	59.4	0.221	0.252
Bayelsa	82.6	0.812	114.6	0.770	0.798
Benue	81.4	0.792	129.1	0.914	0.833
Borno	35.1	0.036	51.7	0.145	0.072
Cross River	83.3	0.824	114.4	0.768	0.805
Delta	92.2	0.970	117.7	0.801	0.913
Ebonyi	67.9	0.573	137.8	1.000	0.715
Edo	84.9	0.850	119.2	0.815	0.839
Ekiti	82.5	0.811	125.7	0.881	0.834
Enugu	81.5	0.794	125.4	0.877	0.822
Gombe	58.9	0.426	51.4	0.142	0.331
Imo	82.1	0.805	127.2	0.895	0.835
Jigawa	57.8	0.407	41.6	0.044	0.286
Kaduna	73.9	0.670	106.3	0.687	0.675
Kano	67.0	0.558	75.4	0.380	0.499
Katsina	46.5	0.222	64.7	0.274	0.240
Kebbi	57.6	0.405	51.1	0.139	0.316
Kogi	72.9	0.654	127.9	0.902	0.737
Kwara	67.3	0.563	117.5	0.799	0.642
Lagos	94.1	1.000	110.9	0.733	0.911
Nasarawa	66.6	0.552	113.8	0.761	0.622
Niger	54.2	0.348	84.8	0.474	0.390
Ogun	77.3	0.726	123.2	0.855	0.769
Ondo	84.0	0.835	124.5	0.868	0.846
Osun	83.9	0.834	123.7	0.861	0.843
Oyo	79.7	0.765	109.9	0.724	0.751
Plateau	67.9	0.073	134.3	0.965	0.704
Rivers	88.3	0.906	122.1	0.845	0.885
Sokoto	73.9	0.671	51.5	0.143	0.495
Taraba	62.6	0.486	108.8	0.712	0.561
Yobe	32.9	0.000	53.7	0.164	0.055
Zamfara	59.6	0.436	37.1	0.000	0.291
FCT	87.3	0.889	131.0	0.932	0.903

Table 1.33: Female Education Index by States

States	Female Adult Literacy Rate	Female Adult Literacy Index	Female Gross Enrolment Ratio	Female Gross Enrolment Index	Female Education Index
Nigeria	55.1	0.551	76.0	0.760	0.621
Abia	73.3	0.841	96.1	0.822	0.834
Adamawa	43.8	0.416	71.0	0.538	0.457
Akwa Ibom	75.0	0.864	92.8	0.785	0.838
Anambra	73.6	0.844	101.0	0.877	0.855
Bauchi	28.0	0.189	37.5	0.157	0.178
Bayelsa	46.0	0.448	85.8	0.705	0.533
Benue	47.3	0.465	89.9	0.752	0.561
Borno	18.0	0.044	34.0	0.119	0.069
Cross River	66.4	0.741	107.6	0.952	0.811
Delta	54.6	0.571	100.9	0.876	0.673
Ebonyi	46.1	0.449	90.7	0.761	0.553
Edo	67.2	0.752	103.5	0.906	0.804
Ekiti	67.3	0.754	111.8	1.000	0.836
Enugu	68.4	0.770	97.2	0.834	0.791
Gombe	43.6	0.412	31.1	0.085	0.303
Imo	69.1	0.780	96.8	0.829	0.796
Jigawa	19.6	0.067	23.6	0.000	0.044
Kaduna	50.5	0.512	73.5	0.565	0.530
Kano	48.0	0.476	46.5	0.260	0.404
Katsina	26.7	0.169	34.5	0.124	0.154
Kebbi	39.5	0.353	26.9	0.038	0.248
Kogi	54.3	0.566	109.1	0.970	0.701
Kwara	43.7	0.414	74.8	0.580	0.470
Lagos	84.4	1.000	100.0	0.866	0.955
Nasarawa	34.1	0.276	87.0	0.719	0.423
Niger	28.7	0.198	47.0	0.265	0.220
Ogun	60.0	0.651	79.2	0.630	0.644
Ondo	68.0	0.764	104.2	0.914	0.814
Osun	64.7	0.717	94.9	0.808	0.747
Oyo	65.7	0.731	97.2	0.834	0.765
Plateau	52.2	0.536	81.7	0.658	0.577
Rivers	72.2	0.825	110.8	0.988	0.879
Sokoto	59.9	0.648	28.8	0.059	0.451
Taraba	39.7	0.357	67.7	0.500	0.405
Yobe	14.9	0.000	33.5	0.112	0.037
Zamfara	38.9	0.346	29.3	0.065	0.252
FCT	66.7	0.745	86.6	0.714	0.735

Table 2.0: Human Poverty Index (HPI-1)

	Probability at Birth of not Surviving to Age 40 (% of Cohort)a	*Illiteracy Rate (% Aged 15 and Above)	**Population not Using Improved Water Sources	**Under-Weight Children Under age Five	**Unweighted Average of Population not Using an Improved Water Source and Children Underweight for Age	Human Poverty Index
	P1	P2	P31	P32	P3	HPI-1
Nigeria	**0.313**	**35.8**	**50.9**	**25.3**	**38.1**	**32.3**
Abia	0.306	20.8	36.4	20.1	28.3	21.9
Adamawa	0.325	45.4	81.0	21.7	51.3	42.4
Akwa Ibom	0.300	20.0	46.7	27.8	37.2	27.1
Anambra	0.358	23.0	42.6	14.8	28.7	22.8
Bauchi	0.271	61.3	64.8	33.1	49.0	48.8
Bayelsa	0.300	35.7	63.4	14.0	38.7	32.5
Benue	0.314	34.6	75.9	16.6	64.2	36.0
Borno	0.265	73.1	70.0	32.1	51.1	55.9
Cross River	0.240	25.4	69.1	17.5	43.3	31.9
Delta	0.305	27.1	34.4	19.6	27.0	23.6
Ebonyi	0.360	43.4	48.8	19.0	33.9	34.3
Edo	0.355	23.8	39.3	12.4	25.9	21.7
Ekiti	0.272	25.6	32.6	17.2	24.9	22.2
Enugu	0.299	25.4	62.2	13.4	37.8	28.6
Gombe	0.274	48.3	81.8	26.9	54.3	45.0
Imo	0.323	24.6	37.4	17.0	27.2	22.7
Jigawa	0.342	61.3	44.0	51.5	47.7	48.4
Kaduna	0.316	37.7	51.1	30.3	40.7	34.3
Kano	0.296	42.5	60.2	48.8	54.5	43.0
Katsina	0.306	63.5	57.1	40.7	48.9	49.9
Kebbi	0.303	51.4	80.1	45.1	62.6	50.2
Kogi	0.364	36.5	63.8	20.1	42.0	34.4
Kwara	0.327	44.4	29.1	27.6	28.3	33.3
Lagos	0.324	10.6	24.4	15.6	20.0	14.5
Nasarawa	0.279	48.9	55.3	20.5	37.9	38.5
Niger	0.241	58.3	38.9	28.0	33.4	42.8
Ogun	0.330	31.5	26.1	20.6	23.4	24.5
Ondo	0.323	24.2	42.8	17.0	29.9	23.9
Osun	0.295	26.2	31.4	17.4	24.4	22.1
Oyo	0.309	27.4	20.5	24.3	22.4	21.9
Plateau	0.347	39.4	68.7	19.1	43.9	36.5
Rivers	0.361	19.5	39.0	21.8	30.4	22.8
Sokoto	0.305	32.6	70.7	38.9	54.8	40.5

Table 2.1. Use of Improved Water Sources, Nigeria, 2007

States	Improved Source of Drinking Water	Index of Improved Source of Drinking Water	Unimproved Source of Drinking Water	Index of Unimproved Source of Drinking Water
Abia	63.6	0.740	36.4	0.260
Adamawa	19.0	0.013	81.0	0.987
Akwa Ibom	53.3	0.573	46.7	0.427
Anambra	57.4	0.640	42.6	0.360
Bauchi	35.2	0.277	64.8	0.723
Bayelsa	36.6	0.300	63.4	0.700
Benue	24.1	0.097	75.9	0.903
Bornu	30.0	0.192	70.0	0.808
Cross River	30.9	0.207	69.1	0.793
Delta	65.6	0.773	34.4	0.227
Ebonyi	51.2	0.538	48.8	0.462
Edo	60.7	0.693	39.3	0.307
Ekiti	67.4	0.802	32.6	0.198
Enugu	37.8	0.319	62.2	0.681
Gombe	18.2	0.000	81.8	1.000
Imo	62.6	0.724	37.4	0.276
Jigawa	56.0	0.616	44.0	0.384
Kaduna	48.9	0.500	51.1	0.500
Kano	39.8	0.352	60.2	0.648
Katsina	42.8	0.401	57.2	0.599
Kebbi	19.9	0.028	80.1	0.972
Kogi	36.2	0.293	63.8	0.707
Kwara	70.9	0.860	29.1	0.140
Lagos	75.6	0.936	24.4	0.064
Nasarawa	44.7	0.433	55.3	0.567
Niger	61.1	0.700	38.9	0.300
Ogun	73.9	0.908	26.1	0.092
Ondo	57.2	0.635	42.8	0.365
Osun	68.6	0.822	31.4	0.178
Oyo	79.5	1.000	20.5	0.000
Plateau	31.3	0.213	68.7	0.787
Rivers	61.0	0.698	39.0	0.302
Sokoto	29.3	0.180	70.7	0.820
Taraba	20.2	0.033	79.8	0.967
Yobe	30.9	0.207	69.1	0.793
Zamfara	53.1	0.568	46.9	0.432
Abuja FCT	67.3	0.801	32.7	0.199
Total	49.1	0.491	50.9	0.509

Table 2.2. Poverty Figures by State

	Percentage of Population	Incidence of Poverty P0	Poverty Gap P1	Poverty Severity P2	Welfare Gap P1/P0	C0 Contribution	Gini
National	100.00%	54.41%	0.2180	0.1191	0.4006	100.00%	0.4882
Abia	2.62%	22.27%	0.0904	0.0424	0.4059	1.07%	0.4693
Adamawa	2.36%	71.73%	0.3149	0.1768	0.4390	3.11%	0.4696
Akwa Ibom	2.70%	34.82%	0.1584	0.0843	0.4548	1.73%	0.5003
Anambra	3.14%	20.11%	0.0768	0.0324	0.3820	1.16%	0.4819
Bauchi	3.21%	86.29%	0.3220	0.1676	0.3731	5.09%	0.4782
Bayelsa	1.08%	19.98%	0.0994	0.0557	0.4977	0.40%	0.4757
Benue	3.09%	55.33%	0.1543	0.0691	0.2789	3.14%	0.5450
Borno	2.86%	53.63%	0.1889	0.0891	0.3522	2.81%	0.3947
Cross River	2.14%	41.61%	0.1969	0.1039	0.4731	1.64%	0.5046
Delta	2.91%	45.35%	0.2222	0.1157	0.4899	2.42%	0.4650
Ebonyi	1.25%	43.33%	0.1806	0.0917	0.4169	0.99%	0.4092
Edo	2.44%	33.09%	0.1568	0.0804	0.4739	1.48%	0.4585
Ekiti	1.33%	42.27%	0.1181	0.0479	0.2795	1.03%	0.5074
Enugu	2.29%	31.12%	0.1118	0.0512	0.3591	1.31%	0.4435
Gombe	1.67%	77.01%	0.2936	0.1568	0.3812	2.36%	0.4343
Imo	2.79%	27.39%	0.0871	0.0373	0.3179	1.40%	0.5125
Jigawa	3.22%	95.07%	0.4413	0.2643	0.4641	5.63%	0.4397
Kaduna	4.41%	50.24%	0.1155	0.0516	0.2300	4.08%	0.4226
Kano	6.52%	61.29%	0.1530	0.0778	0.2497	7.34%	0.4318
Katsina	4.21%	71.06%	0.2351	0.1155	0.3308	5.50%	.4110
Kebbi	2.32%	89.65%	0.3968	0.2135	0.4426	3.82%	0.4104
Kogi	2.41%	88.55%	0.5346	0.3619	0.6037	3.92%	0.5555
Kwara	1.74%	85.22%	0.4236	0.2778	0.4971	2.72%	0.4783
Lagos	6.41%	63.58%	0.3473	0.2200	0.5462	7.49%	0.6429
Nasarawa	1.44%	61.59%	0.1582	0.0734	0.2568	1.63%	0.4665
Niger	2.72%	63.90%	0.2099	0.1006	0.3284	3.19%	0.4619
Ogun	2.62%	31.73%	0.1023	0.0422	0.3224	1.53%	0.5251
Ondo	2.92%	42.14%	0.1539	0.0694	0.3652	2.26%	0.5038
Osun	2.42%	32.35%	0.0757	0.0332	0.2339	1.44%	0.5031
Oyo	3.86%	24.08%	0.0585	0.0244	0.2431	1.71%	0.4315
Plateau	2.27%	60.37%	0.2003	0.1082	0.3317	2.52%	0.4390
Rivers	3.71%	29.09%	0.1498	0.0840	0.5150	1.99%	0.4792
Sokoto	2.71%	76.81%	0.3333	0.1839	0.4339	3.83%	0.3253
Taraba	1.69%	62.15%	0.2112	0.1022	0.3399	1.93%	0.5118
Yobe	1.57%	83.25%	0.3178	0.1723	0.3817	2.40%	0.4503
Zamfara	2.26%	80.93%	0.3264	0.1752	0.4032	3.36%	0.3366
FCT	0.71%	43.32%	0.1787	0.0898	0.4126	0.56%	0.4368

Table 2.3. Poverty Figures by Sector and Zone State

	Percentage of Population	Incidence of Poverty P0	Poverty Gap P1	Poverty Severity P2	Welfare Gap P1/P0	C0 Contribution	Gini
Urban	44.10%	43.19%	0.1670	0.0918	0.3868	35.00%	0.5441
Rural	55.90%	63.27%	0.2582	0.1406	0.4080	65.00%	0.5187
South South	14.98%	35.06%	0.1696	0.0903	0.4837	9.66%	0.5072
South East	12.08%	26.74%	0.0996	0.0455	0.3724	5.94%	0.4494
South West	19.55%	43.01%	0.1821	0.1024	0.4234	15.45%	0.5538
North Central	14.37%	66.97%	0.2832	0.1685	0.4229	17.69%	0.3934
North East	13.36%	72.16%	0.2743	0.1434	0.3801	17.71%	0.4590
North West	25.65%	71.17%	0.2567	0.1374	0.3607	33.55%	0.3711

Table 2.4. Poverty Figures, by Gender and Household (%)

Male	89.61	56.49	22.53	12.31	39.90	93.02
Female	10.39	36.54	15.16	8.30	41.49	6.98
1 person	2.70	12.59	4.43	2.46	35.18	0.62
2–4 persons	26.05	39.25	14.24	7.35	36.28	18.79
5–9 persons	54.95	57.93	24.09	13.30	41.59	58.51
10–19 persons	15.89	73.26	33.52	19.81	45.76	21.39
20 persons and above	0.41	90.67	36.09	21.79	39.81	0.69

Table 2.5. Poverty Figures by Level of Education of Head of Household (%)

	Percentage of Population	Incidence of Poverty P0	Poverty Gap P1	Poverty Severity P2	Welfare Gap P1/P0	C0 Contribution
No Education	37.73	68.67	28.04	15.35	40.84	47.62
Elementary	1.03	64.07	28.86	17.57	45.04	1.22
Primary	4.14	48.74	19.57	10.78	40.15	3.71
Secondary	37.00	44.29	18.02	9.86	40.68	30.11
Tertiary	8.85	26.29	9.69	5.32	36.85	4.28
Other	11.24	63.22	22.58	11.97	35.72	13.07

Table 2.6: Dollar Per Day Based on An Adjusted Purchasing Power Parity by State	Poor	Non Poor
National	51.55	48.45
Abia	28.01	71.99
Adamawa	68.91	31.09
Akwa Ibom	46.04	53.96
Anambra	30.36	69.64
Bauchi	76.51	23.49
Bayelsa	26.29	73.71
Benue	42.84	57.16
Borno	48.65	51.35
Cross Rivers	51.64	48.36
Delta	62.28	37.72
Ebonyi	46.06	53.94
Edo	44.31	55.69
Ekiti	35.51	64.49
Enugu	33.89	66.11
Gombe	66.34	33.66
Imo	26.46	73.54
Jigawa	89.54	10.46
Kaduna	37.72	62.28
Kano	46.70	53.30
Katsina	60.42	39.58
Kebbi	86.20	13.80
Kogi	87.46	12.54
Kwara	79.85	20.15
Lagos	64.05	35.95
Nasarawa	48.17	51.83
Niger	56.01	43.99
Ogun	29.84	70.16
Ondo	41.47	58.53
Osun	22.66	77.34
Oyo	19.28	80.72
Plateau	46.78	53.22
Rivers	43.12	56.88
Sokoto	70.54	29.46
Taraba	54.07	45.93
Yobe	74.12	25.88
Zamfara	73.38	26.62
FCT	46.98	53.02

Table 2.7. Dollar Per Day Based on An Adjusted Purchasing Power Parity by Urban/Rural.	Poor	Non Poor
National	51.55	48.45
Urban	40.11	59.89
Rural	60.58	39.42

Table 2.8: Dollar per day based on an Adjusted Purchasing Power Parity by Zone.	Poor	Non Poor
National	51.55	48.45
South South	47.56	52.44
South East	31.24	68.76
South West	40.20	59.80
North Central	58.64	41.36
North East	64.82	35.18
North West	61.23	38.77

Table 2.9: Self Assessment of Poverty by State

	Very Poor	Averagely Poor	Not Poor
National	21.37	54.10	24.54
Abia	34.45	46.68	18.87
Adamawa	26.97	47.21	25.82
Akwa Ibom	16.86	49.35	33.79
Anambra	16.19	54.29	29.52
Bauchi	27.01	59.26	13.73
Bayelsa	61.48	33.32	5.20
Benue	26.15	54.69	19.16
Borno	36.86	50.87	12.2
Cross River	21.70	55.24	23.06
Delta	25.13	55.42	19.45
Ebonyi	36.74	49.84	13.42
Edo	34.51	44.64	20.85
Ekiti	35.57	60.65	3.78
Enugu	17.24	59.53	23.23
Gombe	12.25	62.03	25.72
Imo	25.42	53.57	21.01
Jigawa	13.87	47.15	38.97
Kaduna	11.87	59.94	28.19
Kano	18.40	54.58	27.02
Katsina	5.60	67.71	26.69
Kebbi	12.53	62.36	25.12
Kogi	28.63	56.24	15.12
Kwara	32.57	54.75	12.68
Lagos	16.84	51.37	31.78
Nasarawa	19.23	58.51	22.26
Niger	18.10	56.39	25.51
Ogun	18.55	59.69	21.76
Ondo	34.12	47.17	18.71
Osun	20.45	42.26	37.29
Oyo	12.51	49.63	37.86
Plateau	19.42	58.33	22.25
Rivers	14.93	51.87	33.19
Sokoto	17.89	59.64	22.47
Taraba	29.71	52.28	18.01
Yobe	26.29	55.04	18.67
Zamfara	18.52	54.12	27.36
FCT	17.38	57.82	24.80

	Very Poor	Averagely Poor	Not Poor
National	21.37	54.10	24.54
Urban	18.26	52.46	29.29
Rural	23.82	55.39	20.79

Table 2.11: Self Assessment of Poverty by Geographical Zone

	Very Poor	Averagely Poor	Not Poor
National	21.37	54.10	24.54
South South	24.77	50.07	25.16
South East	24.60	53.01	22.39
South West	20.51	51.02	28.47
North Central	23.63	56.39	19.98
North East	27.52	54.30	18.17
North West	14.03	57.92	28.05

Table 3.1: Gender-related Development Index (GDI)

	Life Expectancy at Birth (Years)		***Adult Literacy Rate** (% Aged 15 and Above)		***Combined Gross Enrolment Ratio Primary and Secondary Education** (%)		**Estimated Earned Income** ($US) [a]	
	Female	Male	Female	Male	Female	Male	Female	Male
Nigeria	52	48	55.1	73.2	76.0	94.4	715	1 596
Abia	55	50	73.3	85.7	96.1	124.7	408	408
Adamawa	48	45	43.8	65.1	71.0	105.8	78	339
Akwa Ibom	50	47	75.0	85.0	92.8	111.1	3 879	3 743
Anambra	49	44	73.6	81.0	101.0	120.5	154	172
Bauchi	52	47	28.0	49.2	37.5	59.4	54	277
Bayelsa	53	46	46.0	82.6	85.8	114.6	4 750	5 972
Benue	49	46	47.3	81.4	89.9	129.1	715	2 158
Borno	54	51	18.0	35.1	34.0	51.7	129	910
Cross River	56	52	66.4	83.3	107.6	114.4	447	761
Delta	51	49	54.6	92.2	100.9	117.7	2 101	2 556
Ebonyi	51	45	46.1	67.9	90.7	137.8	182	216
Edo	50	44	67.2	84.9	103.5	119.2	261	394
Ekiti	56	54	67.3	82.5	111.8	125.7	232	402
Enugu	53	52	68.4	81.5	97.2	125.4	244	380
Gombe	51	47	69.1	82.1	31.1	51.4	38	661
Imo	51	50	19.6	57.8	96.8	127.2	340	494
Jigawa	50	45	50.5	73.9	23.6	41.6	150	1 816
Kaduna	51	43	48.0	67.0	73.5	106.3	266	1 114
Kano	53	49	26.7	46.5	46.5	75.4	157	1 188
Katsina	54	51	39.5	57.6	34.5	64.7	442	1 553
Kebbi	53	49	54.3	72.9	26.9.9	51.1	515	502
Kogi	50	46	43.7	67.3	109.1	127.9	88	209
Kwara	53	49	84.4	94.1	74.8	117.5	265	375
Lagos	50	45	34.1	6.66	100.0	110.9	1 781	3 249
Nasarawa	55	47	28.7	54.2	87.0	113.8	640	1 813
Niger	58	50	60.2	77.3	47.0	84.8	675	2 628
Ogun	54	52	68.0	84.0	79.2	123.2	194	302
Ondo	51	50	64.7	83.9	104.2	124.5	1 640	1 736
Osun	55	53	65.7	79.7	94.9	123.7	167	200
Oyo	53	51	52.2	67.9	97.2	109.9	176	386
Plateau	47	43	72.2	88.3	81.7	134.3	122	267
Rivers	46	44	59.9	73.9	110.8	122.1	3 003	7 242
Sokoto	53	48	39.7	62.6	28.8	51.5	299	2 685
Taraba	51	46	14.9	32.9	67.7	108.8	28	253
Yobe	52	47	38.9	59.6	33.5	53.7	72	442

Table 4.0: Gender Empowerment Measure (GEM)

	Seats in Parliament held by Women (% of total)		Legislators (% of total)		Professionals and Technical Workers (% of total)		Estimated Earned income ($US)		**Share of Population		EDEP for Parlia-mentary Represen-tation
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Nigeria	**75**	**925**	**549**	**9451**	**2219**	**7781**	**715**	**1 596**	**0.50**	**0.50**	**13.9**
Abia	18.2	81.8	8.33	91.67	28.57	71.43	408	408	0.51	0.49	29.3
Adamawa	18.2	81.8	4.00	96.00	10.22	89.78	78	339	0.50	0.50	29.8
Akwa Ibom	7.7	92.3	7.69	92.31	30.77	69.23	3 879	3 743	0.51	0.49	13.9
Anambra	21.4	78.6	16.67	83.33	18.32	81.68	154	172	0.51	0.49	33.4
Bauchi	0.0	100.0	6.45	93.55	15.92	84.08	34	296	0.49	0.51	0.0
Bayelsa	0.0	100.0	4.17	95.83	32.07	67.93	4 750	5 972	0.48	0.52	0.0
Benue	7.1	92.9	3.45	96.55	15.09	84.91	715	2 158	0.50	0.50	13.2
Borno	0.0	100.0	0.00	100.00	5.07	94.93	129	910	0.49	0.51	0.0
Cross River	0.0	100.0	0.00	100.00	31.43	68.57	447	761	0.50	0.50	0.0
Delta	15.4	84.6	0.00	100.00	25.64	74.36	2 101	2 556	0.51	0.49	25.8
Ebonyi	11.1	88.9	0.00	100.00	40.96	59.04	182	216	0.54	0.46	18.7
Edo	0.0	100.0	4.17	95.83	23.37	76.63	261	394	0.50	0.50	0.0
Ekiti	33.3	66.7	0.00	100.00	14.63	85.37	232	402	0.50	0.50	44.3
Enugu	9.1	90.9	0.00	100.00	15.68	84.32	244	380	0.53	0.47	15.8
Gombe	0.0	100.0	0.00	100.00	9.57	90.43	38	661	0.50	0.50	0.0
Imo	15.4	84.6	0.00	100.00	28.86	71.14	340	494	0.53	0.47	25.0
Jigawa	0.0	100.0	0.00	100.00	8.75	91.25	150	1 816	0.49	0.51	0.0
Kaduna	5.3	94.7	5.88	94.12	18.59	81.41	266	1 114	0.48	0.52	10.3
Kano	0.0	100.0	0.00	100.00	16.01	83.99	157	1 188	0.49	0.51	0.0
Katsina	0.0	100.0	0.00	100.00	25.00	75.00	442	1 553	0.50	0.50	0.0
Kebbi	8.3	91.7	0.99	100.00	11.79	88.21	515	502	0.50	0.50	15.3
Kogi	0.0	100.0	0.00	100.00	12.07	87.93	88	209	0.51	0.49	0.0
Kwara	30.0	70.0	12.50	87.50	25.52	74.48	265	375	0.50	0.50	42.0
Lagos	7.4	92.6	12.50	87.50	46.20	53.80	1 781	3 249	0.47	0.53	14.4
Nasarawa	12.5	87.5	4.17	95.83	9.44	90.56	640	1 813	0.50	0.50	21.9
Niger	7.7	92.3	10.34	89.66	12.35	87.65	675	2 628	0.48	0.52	14.7
Ogun	8.3	91.7	7.69	92.31	18.18	81.82	194	302	0.51	0.49	15.1
Ondo	0.0	100.0	4.00	96.00	30.77	69.23	1 640	1 736	0.50	0.50	0.0
Osun	8.3	91.7	3.85	96.15	21.43	78.57	167	200	0.52	0.48	14.9
Oyo	12.5	87.5	3.13	96.88	32.04	67.96	176	386	0.50	0.50	21.8
Plateau	18.2	81.8	8.33	91.67	43.95	56.05	122	267	0.50	0.50	29.9
Rivers	6.3	93.8	15.63	84.38	39.37	60.63	3 003	7 242	0.50	0.52	12.2
Sokoto	0.0	100.0	0.00	100.00	17.56	82.44	299	2 685	050	0.50	0.0
Taraba	0.0	100.0	0.00	100.00	5.36	94.64	28	253	0.50	0.50	0.0

NUMBER OF SEATS HELD IN THE NATIONAL ASSEMBLY, BY STATES & GENDER

National Parliamentary Seat (Senate & House of Representatives)

		1999				2003				2007			
SIN	STATES	Male	Male Share of Parliamentary Seat Index Within Nigeria	Female	Female Share of Parliamentary Seat Index Within Nigeria	Male	Male Share of Parliamentary Seat Index Within Nigeria	Female	Female Share of Parliamentary Seat Index Within Nigeria	Male	Male Share of Parliamentary Seat Index Within Nigeria	Female	Female Share of Parliamentary Seat Index Within Nigeria
1	Abia	11	0.36	0	0.00	10	0.30	1	0.33	9		2	0.67
2	Adamawa	10	0.32	0	0.00	11	0.35	0	0.00	9	0.25	2	0.67
3	Akwa Ibom	12	0.40	1	0.33	12	0.39	1	0.33	12	0.38	1	0.33
4	Anambra	13	0.44	1	0.33	12	0.39	2	0.67	11	0.33	3	1.00
5	Bauchi	15	0.52	0	0.00	15	0.52	0	0.00	15	0.50	0	0.00
6	Bayelsa	8	0.24	0	0.00	8	0.22	0	0.00	8	0.21	0	0.00
7	Benue	14	0.48	0	0.00	13	0.43	1	0.33	13	0.42	1	0.33
8	Borno	13	0.44	0	0.00	12	0.39	1	0.33	13	0.42	0	0.00
9	C/River	10	0.32	1	0.33	11	0.35	0	0.00	11	0.33	0	0.00
10	Delta	10	0.32	3	1.00	11	0.35	2	0.67	11	0.33	2	0.67
11	Ebonyi	8	0.24	1	0.33	8	0.22	1	0.33	8	0.21	1	0.33
12	Edo	12	0.40	0	0.00	11	0.35	1	0.33	12	0.38	0	0.00
13	Ekiti	9	0.28	0	0.00	7	0.17	2	0.67	6	0.13	3	1.00
14	Enugu	11	0.36	0	0.00	11	0.35	0	0.00	10	0.29	1	0.33
15	Gombe	9	0.28	0	0.00	9	0.26	0	0.00	9	0.25	0	0.00
16	Imo	13	0.44	0	0.00	12	0.39	1	0.33	11	0.33	2	0.67
17	Jigawa	14	0.48	0	0.00	14	0.48	0	0.00	13	0.42	0	0.00
18	Kaduna	17	0.60	2	0.67	16	0.57	3	1.00	18	0.63	1	0.33
19	Kana	27	1.00	0	0.00	26	1.00	1	0.33	27	1.00	0	0.00
20	Katsina	18	0.64	0	0.00	18	0.65	0	0.00	18	0.63	0	0.00
21	Kebbi	12	0.40	0	0.00	11	0.35	0	0.00	11	0.33	1	0.33
22	Kogi	12	0.40	0	0.00	12	0.39	0	0.00	12	0.38	0	0.00
23	Kwara	8	0.24	1	0.33	7	0.17	2	0.67	7	0.17	3	1.00
24	Lagos	25	0.92	2	0.67	24	0.91	3	1.00	25	0.92	2	0.67
25	Nasarawa	8	0.24	0	0.00	7	0.17	1	0.33	7	0.17	1	0.33
26	Niger	13	0.44	0	0.00	13	0.43	0	0.00	12	0.38	1	0.33
27	Ogun	12	0.40	0	0.00	11	0.35	1	0.33	11	0.33	1	0.33
28	Ondo	11	0.36	1	0.33	12	0.39	0	0.00	12	0.38	0	0.00
29	Osun	11	0.36	1	0.33	10	0.30	2	0.67	11	0.33	1	0.33
30	Oyo	17	0.60	0	0.00	17	0.61	0	0.00	14	0.46	2	0.67
31	Plateau	11	0.36	0	0.00	11	0.35	0	0.00	9	0.25	2	0.67
32	Rivers	16	0.56	0	0.00	16	0.57	0	0.00	15	0.50	1	0.33
33	Sakata	14	0.48	0	0.00	14	0.48	0	0.00	14	0.46	0	0.00
34	Taraba	9	0.28	0	0.00	9	0.26	0	0.00	9	0.25	0	0.00
35	Yo be	9	0.28	0	0.00	9	0.26	0	0.00	8	0.21	1	0.33
36	Zamfara	10	0.32	0	0.00	10	0.30	0	0.00	10	0.00	0	0.00
37	FCT Nigeria	2	0.00	1	0.33	3	0.00	0	0.00	3	0.29	0	0.00
	Total	454		15		443		26		434		35	

A: Appendix Tables

Table A1: Real GDP Growth Rates, 1982-2007

ACTIVITY SECTOR	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2004	2005	2006	2007 1/
AGRICULTURE	2.5	-0.7	-5.2	17.6	9.7	-3.5	10.3	5.4	4.3	3.7	2.1	1.4	2.5	3.6	4.2	4.3	4.1	5.3	2.9	3.9	4.3	6.5	7.1	7.4	7.4
Agriculture (Crops)	2.3	-2.9	-4.5	24.0	11.3	-4.0	10.8	5.0	4.4	4.5	3.0	2.9	3.0	3.4	3.8	4.3	3.9	5.2	3.0	3.8	4.2	6.5	7.1	7.5	7.5
Livestock	5.8	8.9	1.7	7.1	-1.5	2.8	2.5	2.0	2.0	-1.6	0.9	0.6	1.0	4.2	2.9	2.5	2.7	2.8	2.3	3.0	4.8	6.5	6.7	6.9	7.0
Forestry	-5.1	1.9	1.9	1.8	10.9	1.2	1.5	-24.3	7.9	3.0	2.3	2.0	2.6	2.2	0.5	0.9	1.2	1.3	1.5	2.0	0.7	6.8	6.0	6.0	6.0
Fishing	3.9	4.4	-30.6	-35.4	17.2	21.1	47.1	58.6	6.8	4.0	-10.0	-25.0	6.5	10.0	20.8	11.3	14.1	14.2	4.0	8.0	6.3	6.5	6.1	6.5	6.5
INDUSTRY	5.7	-7.5	-12.4	-1.4	3.5	-1.4	12.6	7.7	6.1	4.3	-4.1	7.9	-1.1	1.6	6.0	3.9	3.7	6.3	3.1	4.9	6.4	4.2	1.7	-2.5	-3.5
Crude Petroleum	0.5	3.5	-19.1	-18.8	13.7	-9.0	19.5	16.0	7.2	3.7	-5.9	-15.2	-2.5	6.4	11.8	7.2	9.3	9.7	3.2	6.1	4.6	3.3	0.5	-4.5	-5.9
Mining and Quarrying	2.4		-11.0	-7.2	5.8	-3.3	10.8	9.4	4.9	1.4	-3.1	-8.3	-0.8	5.3	7.5	5.0	6.3	6.7	2.8	4.8	4.7	11.3	9.4	10.6	10.2
Manufactures	12.9	-29.4	-11.2	19.8	-3.9	5.1	12.8	1.6	7.6	9.3	-4.8	-4.1	-0.9	-5.5	1.0	0.3	-3.9	3.5	3.6	4.2	11.0	10.0	9.6	9.4	9.1
BUILDING & CONSTRUCTION	-20.2	-11.8	-18.5	-31.1	-0.2	9.3	10.2	4.2	5.0	4.0	3.9	5.0	3.0	2.7	1.2	6.4	6.0	3.8	4.0	12.0	4.3	10.0	12.1	13.0	13.1
WHOLESALE AND RETAIL TRADE	4.3	-2.4	-7.7	4.0	3.5	6.3	9.1	4.0	3.0	3.2	3.1	3.0	0.0	0.1	0.8	1.5	3.0	2.5	1.6	2.5	6.5	9.7	13.5	15.3	15.3
SERVICES	-5.5	-7.8	-11.2	7.5	0.2	3.2	9.0	16.7	26.7	3.3	4.1	3.8	2.1	3.1	3.5	3.8	4.6	3.6	3.8	4.6	24.8	8.8	8.0	9.2	9.8
Transportation	-21.2	-13.4	-7.8	19.2	-12.0	0.0	1.0	0.2	2.0	3.3	4.6	4.5	0.6	1.8	2.7	3.5	4.3	4.0	3.5	4.7	17.3	5.9	6.4	6.9	6.9
Communication	-2.3	-9.3	4.2	-8.8	-0.2	1.0	1.1	1.7	2.0	-3.9	9.5	4.3	0.7	2.8	3.9	6.3	7.5	8.1	8.9	17.0	33.9	27.7	28.4	32.5	32.8
Utilities	-20.1	-13.1	-7.0	17.0	-11.3	0.1	1.0	0.3	2.0	2.8	4.9	4.5	0.6	1.9	2.8	3.7	4.5	4.3	3.9	5.6	18.7	10.9	6.7	4.9	4.5
Hotel and Restaurants	-5.5	-16.0	-15.8	-7.7	1.4	1.5	0.2	1.0	1.0	1.0	2.0	1.5	0.5	1.0	2.3	3.0	3.2	3.5	3.7	4.5	6.8	10.8	10.8	12.5	13.2
Finance and Insurance	26.4	-1.4	-20.2	-2.7	20.7	8.2	22.6	39.4	52.0	4.0	4.0	3.8	3.0	4.1	4.0	4.2	5.0	3.5	4.0	4.5	29.4	2.7	2.8	5.0	5.0
Real Estate	20.2	-3.6	-19.6	-3.4	18.2	7.4	20.1	36.0	48.6	3.9	3.9	3.7	2.9	4.0	3.9	4.1	4.9	3.5	3.9	4.5	28.6	10.9	10.5	11.4	11.3
Producers of Govt Services	2.3	2.3	2.2	2.2	2.1	2.1	2.0	2.0	2.0	1.1	2.9	2.9	1.4	0.1	2.9	1.7	1.7	1.7	1.6	1.6	15.5	10.8	5.4	5.9	6.1
Private Non Profit Organisations	17.5	-14.9	-24.8	2.9	-2.8	-5.8	-20.6	-26.0	-22.8	40.9	77.4	-7.3	-26.5	-33.3	-20.0	-2.5	53.8	6.7	85.9	5.9	18.3	11.1	10.3	10.7	10.6
TOTAL GDP	**-2.7**	**-7.1**	**-1.1**	**9.5**	**2.5**	**-0.6**	**7.4**	**7.7**	**13.0**	**-0.8**	**2.3**	**1.3**	**0.2**	**2.2**	**4.4**	**2.8**	**2.9**	**0.4**	**5.4**	**4.6**	**3.5**	**6.6**	**6.5**	**6.0**	**6.2**
NON-OIL GDP	**1.6**	**-6.1**	**-7.5**	**10.5**	**4.9**	**0.5**	**9.8**	**5.6**	**6.3**	**4.0**	**2.1**	**1.8**	**1.7**	**2.1**	**3.0**	**3.5**	**3.3**	**4.4**	**2.9**	**4.3**	**8.0**	**7.8**	**8.6**	**9.4**	**9.6**
OIL	**-10.5**	**-9.0**	**12.5**	**7.9**	**-1.9**	**-2.5**	**2.6**	**12.0**	**26.4**	**-8.9**	**2.5**	**0.2**	**2.6**	**2.4**	**7.2**	**1.5**	**2.2**	**-7.5**	**11.1**	**5.2**	**-5.7**	**3.3**	**0.5**	**-4.5**	**-5.9**

CBN Statistical Bulletin 2005; Annual Report and Statement of Account 2007.

Table A1b: Child Poverty Indicators of some African Countries

State	Child (<18) Population (000s) (2000)	% Water Deprived	% Sanitation Deprived	% Shelter Deprived	% Information Deprived	% Education Deprived	% Food Deprived	% Health Deprived	% Severely Deprived	% In Absolute Poverty	% Urban Children Absolute Poverty	% Rural Children Absolute Poverty
Central African Republic	1,844	51.9	24	80.7	30.7	30.7	18.9	24.2	88.9	65.4	39.2	85.6
Chad	4,12	55.2	72.1	95.9	54	59.1	23.3	51.2	97.3	88.2	54.5	97.7
Comoros	355	51.8	.3	55.3	42.8	35.4	14.1	13.6	87.5	56.5	33	64.8
Cote d'Ivoire	7,943	21.1	42.2	30.2	37.3	40.7	13	26.4	72	47.3	13.7	66.4
Ethiopia	32,456	74.9	83.9	95.1	56.5	61.1	28.5	32.3	97.8	94	58.6	99.2
Ghana	9,303	50.8	25.6	29.1	37.4	14.8	10.8	10.3	77.7	47	18.7	58.1
Guinea	4,145	44.4	43.5	57	48.1	55.7	8.9	25.9	87.9	71.1	31.5	86.7
Kenya	15,705	63.1	17.1	74	29.3	6	13.6	41.3	86.8	65.8	19.8	73.7
Madagascar	8,174	70.8	63	38.6	43.1	24.8	25.2	24	89.7	74.2	45.7	82.5
Malawi	6,002	52.8	24.9	85.1	42.6	30.1	22.6	9.9	91.6	74.6	28.9	80.9
Mali	5,980	18.8	26.7	79.3	31.3	67.9	26.2	33.1	87.2	63.5	26.8	77.3
Mauritania	1,353	37.5	51.6	77.1	44.2	19.7	17.8	22.3	90.1	70.5	47.4	85.9
Mozambique	9,231	56.	59.7	74.7	45.6	28	17.9	29.1	89.7	76.3	37.8	87.5
Namibia	884	46.2	67.6	71.9	19	6.6	8.9	9.4	80.9	69.8	12.3	89.8
Niger	6,123	37.1	79.8	85.3	42.8	69.2	30	46.3	91.8	85.2	31.9	97
Nigeria	59,108	44	26	45.1	35.4	22.1	16	39.7	78.8	52.6	22.1	64.5
Rwanda	3,941	88.7	5.8	89.2	39.4	23.9	20.5	9.2	97.3	86.9	39.2	89.3
Senegal	4,804	23.1	33.3	45.8	22.4				63.1	39.4	9	55.9
South Africa	17,589	28.5	16.2	25.8	12.9	2.1		3.5	45.5	24.3	3.9	42.2
Tanzania	18,258	67	13.3	83.2	49.8	34.9	18.3	20.4	91.9	78.1	36.1	88.5
Togo	2,310	31.4	66.9	33.2	45.5	21.1	12	19.4	83.5	61.9	23.4	73
Uganda	13,062	87.2	16.8	87.7	38.6	17	16.6	22	96.7	85.4	39.7	91.1
Zambia	5,571	45.8	26.9	59.8	34.2	20.1	18.1	7.3	75.6	56.8	17.9	81.9
Zimbabwe	6,645	41.5	31.9	34.8	31.1	5.2	9.7	11.9	66.7	45.3	1	60.8

Source: Child Poverty Developing Countries

Table A2: Regression Results: Poverty Determinants, 2007

Variables	Coefficient	Std. Error	Value
Age	0.005	0.002	4.68
Age^2	-6.570*	1.290	-0.51
Edu1	0.231	0.019	11.95
Edu2	0.294	0.011	25.78
Edu3	0.373	0.013	9.68
$Size^2$	-0.201	0.005	-41.67
Size	0.007	0.0003	24.45
Rural	-0.177	0.012	-15.16
Occupa1	0.075	0.032	2.26
Occupa2	0.085	0.019	4.3
Occupa3	0.039	0.014	2.83
Occupa4	0.055*	0.044	1.24
Occupa5	-0.059	0.014	-4.32
_cons	10.500	0.030	349.51

R-squared = 0.281, Number of Observation = 36941.
*Note: *Indicate that the coefficient is not statistically significant even at 10%*

Table A3: Zonal Regression Results: Poverty Determinants, 2007

Variables	North Central	South South	South East	South West	North East	North West
Age	0.009	0.018	0.012	0.014	0.004	0.003
Age^2	-6.700	-0.0001**	-1.400*	-7.200	1.850*	-3.500**
Edu2	0.299	0.239	0.387	0.276	0.229	0.223
Edu3	0.251	0.327	0.475	0.369	0.381	0.279
Edu4	0.348	0.281	0.556	0.517	0.465	0.287
Size	-0.177	0.194	-0.195	-0.253	0.221	-0.208
$Size^2$	0.006	0.008	0.007	0.009	0.009	0.008
Rural	0.150	-0.185	-0.037*	-0.032**	-0.122	-0.164
Occupa1	0.086**	-0.181*	-0.057*	-0.037*	0.064*	0.091
Occupa2	0.200	-0.093*	-0.027*	0.128	0.036*	0.005*
Occupa3	0.014*	-0.109**	-0.011*	0.105	0.059	0.063
Occupa4	-0.187	-0.289*	0.015*	-0.011*	0.115*	0.112
Occupa5	-0.016*	0.320	-0.112	-0.115	-0.056**	-0.026*
_cons	10.135	10.627	10.308	10.278	10.576	10.591

Note: *not significant **significant at 10%
North Central: R=squared= 0.23, Number of Observation= 7649
South South: R= squared= 0.22, Number of Observation= 1549
South East: R=squared= 0.29, Number of Observation= 3880
South West: R=squared= 0.40, Number of Observation= 5587
North East: R=squared= 0.28, Number of Observation= 6612

Table A7: 2006 SAM of Nigeria Decomposed by Activities and Commodities

No.		Commodity Matrix 2.1	1.2	1.3	2.4	2.5	2.6	2.7	2.8	2.9	2.1	2.11	2.12	B.
1	**Activities**	**Crop**	**Livestock**	**Forestry**	**Fishing**	**Mining**	**Manuf**	**Building**	**Wholesale**	**Utilities**	**Transport**	**Commerce**	**Services**	**Sub-Total**
1.1	Crop Production													0
1.2	Livestock													0
1.3	Forestry													0
1.4	Fishing													0
1.5	Mining & Quarrying													0
1.6	Manufacturing & Processing													0
1.7	Building & Construction													0
1.8	Wholesale and Retail Trade													0
1.9	Utilities													0
1.1	Transport													0
1.11	Communication													0
1.12	Services													0
A.	**Sub-Total**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2	**Commodities**													
2.1	Crop Production	684652												28673
1.2	Livestock		28673											28673
1.3	Forestry			6169										6169
2.4	Fishing				84656									84656
2.5	Mining & Quarrying					603157								603157
2.6	Manufacturing & Processing						1107969							1107969
2.7	Building & Construction							68120						68120
2.8	Wholesale and Retail Trade								42042					42042
2.9	Utilities									342379				342379
2.10	Transport										113295			113295
2.11	Communication											577077		577077
2.12	Services												494523	494523
B.	**Sub-Total**	**684652**	**28673**	**6169**	**84656**	**603157**	**1107969**	**68120**	**42042**	**342379**	**113295**	**577077**	**494523**	**4152713**
3	**Factor Labour**	**55298**	**906**	**614**	**13942**	**21641**	**861166**	**158844**	**5443**	**187294**	**12477**	**19022**	**302978**	**1639624**
4	**Factor Capital**	**4782889**	**349491**	**69894**	**178378**	**6352898**	**446307**	**55508**	**233926**	**412538**	**179931**	**2480654**	**1382769**	**16925181**
5	**Institution -Households**													
6	**Institution-Government**	**271**	**7639**	**3802**	**522**	**12534**	**37125**	**19411**	**8259**	**14352**	**31635**	**421**	**37203**	**173174**
7	**Capital Accounts**													**0**
8	**Rest of the World**													**0**
C.	**Sub-Total**	**4838458**	**358035**	**74310**	**192842**	**6387073**	**1344598**	**233763**	**247627**	**614184**	**224043**	**2500097**	**1722949**	**18737979**
9	**Total Receipts**	**5523110**	**386708**	**80478**	**277498**	**6990230**	**2452567**	**301882**	**289668**	**956564**	**337338**	**3077175**	**2217472**	**22890691**

Table A7: 2006 SAM of Nigeria Decomposed by Activities and Commodities (continued)

No.	Commodity Matrix	2.1	1.2	1.3	2.4	2.5	2.6	2.7	2.8	2.9	2.1	2.11	2.12	B.
1	**Activities**	**Crop**	**Livestock**	**Forestry**	**Fishing**	**Mining**	**Manuf**	**Building**	**Wholesale**	**Utilities**	**Transport**	**Commerce**	**Services**	**Sub-Total**
1.1	Crop Production	3731320												3731320
1.2	Livestock		259228											59228
1.3	Forestry			52115										52115
1.4	Fishing				176322									176322
1.5	Mining & Quarrying					4763655								4763655
1.6	Manufacturing & Processing						1004460							1004460
1.7	Building & Construction							81127						81127
1.8	Wholesale and Retail Trade								187873					187873
1.9	Utilities									499928				499928
1.1	Transport										195395			195395
1.11	Communication											2074787		2074787
1.12	Services												1265177	1265177
A.	**Sub Total**	**3731320**	**259228**	**52115**	**176322**	**4763655**	**1004460**	**81127**	**187873**	**499928**	**195395**	**2074787**	**1265177**	**14291388**
2	**Commodities**													
2.1	Crop Production													
1.2	Livestock													
1.3	Forestry													0
2.4	Fishing													0
2.5	Mining & Quarrying													0
2.6	Manufacturing & Processing													0
2.7	Building & Construction													0
2.8	Wholesale and Retail Trade													0
2.9	Utilities													0
2.10	Transport													0
2.11	Communication													0
2.12	Services													0
B.	**Sub-Total**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
3	**Factor Labour**													0
4	**Factor Capital**													0
5	**Institution -Households**													0
6	**Institution-Government**													0
7	**Capital Accounts**													0
8	**Rest of the World**	**138527**	**44377**	**0**	**22483**	**213148**	**1656509**	**115838**	**97141**	**438016**	**375487**	**304097**	**1543490**	**4949111**
C.	**Sub-Total**	**138527**	**44377**	**0**	**22483**	**213148**	**1656509**	**115838**	**97141**	**438016**	**375487**	**304097**	**1543490**	**4949111**
9	**Total Receipts**	**3869847**	**303605**	**52115**	**198805**	**4976804**	**2660969**	**196965**	**285013**	**937943**	**570882**	**2378883**	**2808667**	**19240499**

Table A7: 2006 SAM of Nigeria Decomposed by Activities and Commodities (continued)

No.		3	4	5	6	7	8	C.	9
1	**Activities**	**Labour**	**Capital**	**House-holds**	**Gov**	**Capital A/c**	**ROW**	**Sub-Total**	**Total**
1.1	Crop Production						2682040	2682040	6413360
1.2	Livestock						2846	2846	262074
1.3	Forestry						76969	76969	129085
1.4	Fishing						45	45	176367
1.5	Mining & Quarrying						5729099	5729099	10492754
1.6	Manufacturing & Processing						92399	92399	1096859
1.7	Building & Construction						0	0	81127
1.8	Wholesale and Retail Trade						0	0	187873
1.9	Utilities						5049	5049	504977
1.1	Transport						0	0	195395
1.11	Communication						7574	7574	2082360
1.12	Services						3282	3282	1268459
A.	**Sub Total**	**0**	**0**	**0**	**0**	**0**	**8599303**	**8599303**	**22890691**
2	**Commodities**								
2.1	Crop Production			1124156	12831	480958		1617945	2302597
2.2	Livestock			521539		6803		531719	560392
2.3	Forestry			11926	0	3919		15845	22014
2.4	Fishing			369214	2251	4535		376001	460656
2.5	Mining & Quarrying			123811	41735	94837		260383	863540
2.6	Manufacturing & Processing			2992323	513652	142782		3648757	4756726
2.7	Building & Construction			112982	8128	16377		137488	205607
2.8	Wholesale and Retail Trade			236834	165997	20922		423752	465794
2.9	Utilities			859764	64459	199602		1123825	1466205
2.10	Transport			350884	38767	30842		420494	533789
2.11	Communication			3418933	40519	41177		3500628	4077706
2.12	Services			2134021	391686	505242		3030949	3525472
B.	**Sub Total**	**0**	**0**	**12256388**	**1283403**	**1547995**	**0**	**15087786**	**19240499**
3	**Factor Labour**							**0**	**1639624**
4	Factor Capital							0	16925181
5	Institution-Households	1639624	16925181		28192			18592997	18592997
6	Institution-Government			163962				163962	337136
7	Capital Accounts			6172646	-4624651			1547995	1547995
8	Rest of the World				3650192			3650192	8599303
C.	**Sub-Total**	**1639624**	**16925181**	**6336609**	**-946266**	**0**	**0**	**23955147**	**47642236**
9	Total Receipts	1639624	16925181	18592997	337136	1547995	8599303	47642236	89773426

***Source:**: Computed.*

Table A8: Selected Multiplier Effects of 2006 SAM of Nigeria (Baseline Solution)

Endogenous Variables	Government Expenditure Effects	Investment Effects	Export Effects	Total Effects
Total Activity Output				
Total Agriculture	**2.66**	**3.16**	**23.69**	**29.51**
Crop Production	2.36	2.8	20.95	26.11
Livestock	0.16	0.19	1.46	1.81
Forestry	0.03	0.04	0.29	0.36
Fishing	0.11	0.13	0.99	1.23
Mining & Quarrying	3.01	3.58	26.75	33.33
Manufacturing & Processing	0.63	0.75	5.64	7.03
Building & Construction	0.05	0.06	0.46	0.57
Wholesale and Retail Trade	0.12	0.14	1.05	1.31
Utilities	0.32	0.38	2.81	3.5
Transport	0.12	0.15	1.1	1.37
Communication	1.31	1.56	11.65	14.52
Services	0.8	0.95	7.1	8.85
Total Supply of Products				
Total Agriculture	**2.79**	**3.33**	**13.23**	**19.37**
Crop Production	2.38	2.83	11.27	16.49
Livestock	0.1	0.12	0.47	0.69
Forestry	0.02	0.03	0.1	0.15
Fishing	0.29	0.35	1.39	2.04
Mining & Quarrying	2.1	2.5	9.93	14.52
Manufacturing & Processing	3.86	4.59	18.24	26.68
Building & Construction	0.24	0.28	1.12	1.64
Wholesale and Retail Trade	0.15	0.17	0.69	1.01
Utilities	1.19	1.42	5.64	8.24
Transport	0.39	0.47	1.87	2.73
Communication	2.01	2.39	9.5	13.9
Services	1.72	2.05	8.14	11.91
Total	14.45	17.19	68.36	100
Factor-Labour Income				
Total Agriculture	**0.38**	**0.46**	**3.46**	**4.32**
Crop Production	0.3	0.36	2.71	3.37
Livestock	0	0.01	0.04	0.06

Appendix A9: Human Development Statistics by Zones in Nigeria

Zones	Human Development Index (HDI) Value	Human Poverty Index (HPI)	Gender Development Measure (GDM)	Gender Empowerment Measure (GEM)	Inequality Measure
North Central					
Benue	0.532	36.0	0.508	0.204	0.40
FCT	0.717	21.0	0.680	0.062	0.64
Kogi	0.411	34.4	0.359	0.069	0.46
Kwara	0.429	33.3	0.470	0.482	0.47
Nasarawa	0.488	38.5	0.465	0.236	0.48
Niger	0.463	42.8	0.474	0.244	0.48
Plateau	0.392	36.5	0.393	0.415	0.50
Average	**0.490**	**34.65**	**0.478**	**0.244**	**0.49**
North West					
Kaduna	0.448	34.3	0.422	0.213	0.40
Kano	0.436	43.0	0.333	0.092	0.40
Katsina	0.410	49.9	0.383	0.129	0.44
Kebbi	0.377	50.2	0.383	0.175	0.46
Jigawa	0.362	48.4	0.303	0.055	0.40
Sokoto	0.475	40.5	0.385	0.099	0.50
Zamfara	0.434	42.6	0.422	0.056	0.51
Average	**0.420**	**44.15**	**0.376**	**0.117**	**0.44**
North East					
Adamawa	0.372	42.4	0.287	0.285	0.33
Bauchi	0.291	48.8	0.070	0.129	0.40
Borno	0.345	55.9	0.250	0.033	0.40
Gombe	0.353	45.0	0.076	0.057	0.40
Taraba	0.351	43.4	0.651	0.032	0.50
Yobe	0.278	58.0	0.166	0.172	0.50
Average	**0.332**	**48.90**	**0.250**	**0.118**	**0.42**
South West					
Ekiti	0.523	22.1	0.519	0.380	0.40
Lagos	0.607	14.5	0.548	0.357	0.48
Ogun	0.465	24.5	0.466	0.247	0.50
Ondo	0.592	23.9	0.586	0.181	0.50
Osun	0.475	22.1	0.475	0.234	0.50
Oyo	0.478	21.9	0.447	0.311	0.50
Average	**0.523**	**21.50**	**0.507**	**0.285**	**0.48**
South East					
Abia	0.516	21.9	0.527	0.383	0.30
Anambra	0.427	22.8	0.437	0.414	0.40
Ebonyi	0.401	34.3	0.398	0.284	0.40
Enugu	0.502	28.6	0.494	0.192	0.40
Imo	0.510	2.2	0.418	0.303	0.40
Average	**0.471**	**26.07**	**0.455**	**0.315**	**0.38**
South South					
Akwa Ibom	0.616	27.1	0.622	0.310	0.34
Bayelsa	0.593	32.5	0.600	0.219	0.40

Table A10: Summary Statistics of States Development Profile

Variables	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis
POP	3835508	3463629	**9266314** (Kano)	**592886** (FCT)	1736699	1.455739	5.945667
GDP	5.58 +08	2.11 +08	3.33E+09 (Rivers)	43019999 (Taraba)	7.50E+08	2.381856	8.570091
PCIN	164.163	63.98	1284.54 (FCT)	17.84 (Taraba)	250.8362	2.949248	12.40746
PCID	1.304865	0.51	10.21 (FCT)	0.14 (Taraba)	1.993607	2.949505	12.41007
ALR	61.87297	64.3	89.4 (Lagos)	24.3 (Yobe)	16.0785	0.6041	2.559299
FLR	51.9	52.2	84.4 (Lagos)	14.9 (Yobe)	17.92105	0.34771	2.214196
MLR	71.72162	73.9	94.1 (Yobe)	32.9 (Yobe)	15.24518	0.82385	3.042068
GER	88.67568	102	118.9 (Kogi)	33.2 (Jigawa)	29.45192	0.81617	1.987174
LERB	48.13514	48	55 (FCT)	43 (Kaduna)	3.163702	0.231964	2.175116
HDI	0.467514	0.465	0.717 (FCT)	0.278 Lagos)	0.099403	0.333108	2.771404
HPI	34.15676	34.3	58 (Yobe)	14.5 (Lagos)	11.32996	0.303855	2.04948
GDM	0.439	0.465	0.680 (FCT)	0.070 (Bauchi)	0.143467	0.79336	3.59743
GEM	0.217108	0.213	0.482 (Kwara)	0.032 (Taraba)	0.122788	0.226455	2.094129
INQ	0.44027	0.4	0.64 (FCT)	0.30 (Abia)	0.064785	0.445383	3.915927
PH20	51.84324	48.8	81.8 (Gombe)	20.5 (Oyo)	18.05409	0.103126	1.791174
UWC	25.23514	20.6	51.5 (Jigawa)	12.4 (Edo)	10.65364	1.0259	2.974842

Source: Computed

Definition of Variables

POP	-	Population
GDP	-	Gross Domestic Product.
PCIN	-	Per Capita Income in Naira
PCID	-	Per Capita Income in Dollars
ALR	-	Adult Literacy Rate
FLR	-	Female Literacy Rate
MLR	-	Male Literacy Rate
GER	-	Gross Enrolment Ratio
LERB	-	Life Expectancy Rate at Birth
HDI	-	Human Development Index
HPI	-	Human Poverty Index
GDM	-	Gender Development Measure
GEM	-	Gender Empowerment Measure
INQ	-	Inequality
PH20	-	Percentage of the Population not using improved water sources
UWC	-	Percentage of underweight children under five

Technical Note

Introduction

Globally, Human Development Indicators provide a basis for quantitative assessment of achievement of countries in all areas of human development. Similar assessment could be extended to sub-levels of administration within a country. In the case of Nigeria, it could be extended to State and Local Governments. However, the present assessment of indicators for the computation of various indices is limited to the state level. The indicators considered are composites of social and economic indicators appropriate for assessing achievements of each state with respect to human development.

The indices

Three basic indices of human development, namely, Human Development Index (HDI), Human Poverty Index (HPI) and Gender-related Development Index (GDI) were computed to produce the human development report for Nigeria for 2008/09. Each of these indices was measured through three basic dimensions of human development; namely:

a) *A long and healthy life* - measured by life expectancy index

b) *Knowledge* - measured by education index, and

c) *A decent standard of living* - measured by health and income or inequality indices

The indicators for measuring each of these three dimensions depended on the index for which they apply. For instance, while the life expectancy index for Human Development Index was measured by Life Expectancy at birth, the Human Poverty Index made use of the probability at birth of not surviving to age 40.

In addition to the three indices, Gender Empowerment Measure (GEM) was also computed to derive an overall human development index for Nigeria.

Some poverty figures and index of inequality were also provided to give a summary of poverty profile for Nigeria as a good complement of the Human Poverty Index.

The Indicators

A summary of the indicators and the indices for the computation of the human development indices is given in the Table 1.

	MEASURE		
INDEX	**A LONG AND HEALTHY LIFE**	**KNOWLEDGE**	**A DECENT STANDARD OF LIVING**
HDI	1. Life Expectancy at Birth **(Life Expectancy Index)**	1. Adult Literacy Rate 2. Gross Enrolment Ratio ***(Education Index)***	1. GDP Per Capita (PPPUS$) ***(GDP Index)***
HPI	1. Probability at Birth of not Surviving to Age 40	1. Adult Illiteracy Rate ***(Education Index)***	1. Percentage of Population not using an Improved Water Source 2. Percentage of Children Under Weight for Age
GDI	1. Female life Expectancy at Birth 2. Male Life Expectancy at Birth ***(Life Expectancy Index)***	1. Female Adult Literacy Rate 2. Female GER 3. Male Adult Literacy Rate 4. Male GER ***(Education Index)***	1. Female and Male Estimated Earned Income ***(Income Index)***
	MEASURE		
	POLITICAL PARTICIPATION AND DECISION-MAKING POWER	ECONOMIC PARTICIPATION AND DECISION-MAKING POWER	POWER OVER ECONOMIC RESOURCES
GEM	1. Female and male shares of parliamentary seats	1. Female and male shares of positions as legislators 2. Female and male shares of positions as senior officials and managers 3. Female and male shares of professionals and technical positions	1. Female and male estimated earned income ***(Income Index)***

Explanatory Notes

Life expectancy at Birth:

Life expectancy at birth indicates the number of years a newborn infant would live if prevailing patterns of age-specific mortality rates at the time of birth were to remain the same throughout the child's life. That is, the average number of years that a newborn is expected to live if current mortality rates continue to apply.

Probability at Birth of not Surviving to Age 40:

This is defined as the probability that a newborn infant baby will die before reaching his/her 40th birthday. This probability can be calculated using age-specific life expectancy derived from a life table.

The calculation of life expectancies is based on the age-specific death rates of the population. These values are used to construct a life table from which one can calculate the probability of surviving to each age. The data required for the computations include: mid-year population for each age (group) for the reference year and number of deaths recorded for each age (group) for the reference year

The National Bureau of Statistics, through its General Household Survey (GHS), generates data on estimated mid-year population and annual number of deaths. The survey obtains socio-demographic characteristics of all members of household as well as information relating to deaths.

The data from the GHS, however, posed some challenges particularly as regards information on deaths. The attitudes of respondents to reporting deaths affected the degree of precision of the data on death rate, especially at sub-national level. The standard error of the estimates at the state level was very high compared to the national estimate. Hence, a supplementary survey on mortality was conducted with intensive monitoring to increase the response rate.

The survey produced reliable data on estimated number of deaths which were then used to derive age-specific death rates, by gender, both at national and state levels. These are then used to construct corresponding life tables for males and females for each state and for both sexes for the country. The life table was constructed with the assumption that half the total annual deaths would have occurred by the middle of the year. The assumption was actually justified by the result of the survey as shown below.

Percentage Distribution of Deaths by Month

Month of Death	Per cent	Cumulative Per cent
January	5.0	5.0
February	7.0	12.0
March	9.2	21.2
April	10.4	31.7
May	8.2	39.8
June	10.4	50.2
July	9.5	59.7
August	10.4	70.1
September	10.4	80.5
October	9.0	89.5
November	6.6	96.1
December	3.9	100.0
Total	100.0	

Based on the life tables constructed, life expectancy at birth and probability at birth of not surviving to age 40 were computed for each state and the country.

State Gross Domestic Product (SGDP)

The Gross Domestic Product is an economic aggregate that provides the quantum of economic activities within a legally well defined administrative area, usually a country, and within a time frame usually a year. The GDP estimate is used as a veritable tool by policy makers in determining the benchmark for decision making and policy formulation.

The National Bureau of Statistics, following the SNA'93, has classified the Nigerian economy into 33 major industrial groups. The grouping is as follows:

1.	Crop Production	18	Rail Transport and Pipelines
2.	Livestock	19	Water Transport
3.	Forestry	20	Air Transport
4.	Fishing	21	Transport Services
5.	Coal mining	22	Telecommunications
6.	Crude Petroleum and Natural Gas	23	Posts
7.	Metal Ore	24	Financial Institutions
8.	Quarrying & Other Mining	25	Insurance
9.	Oil Refining	26	Real Estate
10.	Cement	27	Business Services (Not Health or Education)
11.	Other Manufacturing	28	Public Administration
12	Electricity	29	Education
13	Water	30	Health
14	Building and Construction	31	Private Non-Profit Organizations
15	Wholesale & Retail Trade	32	Other Services
16	Hotel & Restaurant	33	Broadcasting
17	Road Transport		

The computation of the State Gross Domestic Product (SGDP) follows the guidelines of the United Nations System of National Accounts 1993 (SNA'93). The idea is to make sure that the sub-national GDPs add-up to the national GDP.

The Mathematics of SGDP:
In most economies of the world, particularly in developing countries like Nigeria, the estimation of SGDP is approached from the production side. This is done following the guidelines of SNA'93.

Algebraically, the mathematics is represented by a 33 x 37 matrix of outputs (value-added) of industrial groups. From Table 1 below, q1,1 represents output of crop production in Abia State; q3,3 represents the output of forestry in Akwa Ibom while q33,37 represents the output of Broadcasting in FCT while $\sum_{j=1}^{37} q_{j1}$, for example, gives the total output of crop production for all states.

Table 1: Matrix of Output of each Industry by State.

State	Crop Production	Livestock	Forestry	Fishery	……	Broadcasting	Total
Abia	$q_{1,1}$	$q_{1,2}$	$q_{1,3}$	$q_{1,4}$	……	$q_{1,33}$	$\sum_{i=1}^{33} q_{1i}$
Adamawa	$q_{2,1}$	$q_{2,2}$	$q_{2,3}$	$q_{2,4}$	……	$q_{2,33}$	$\sum_{i=1}^{33} q_{2i}$
Akwa Ibom	$q_{3,1}$	$q_{3,2}$	$q_{3,3}$	$q_{3,4}$	……	$q_{3,33}$	$\sum_{i=1}^{33} q_{3i}$
…	…	…	…	…	…	…	…
…	…	…	…	…	…	…	…
…	…	…	…	…	…	…	…
FCT	$q_{37,1}$	$q_{37,2}$	$q_{37,2}$	$q_{37,4}$	……	$q_{37,33}$	$\sum_{i=1}^{33} q_{37,i}$
Total	$\sum_{j=1}^{37} q_{j1}$	$\sum_{j=1}^{37} q_{j2}$	$\sum_{j=1}^{37} q_{j3}$	$\sum_{j=1}^{37} q_{j4}$		$\sum_{j=1}^{37} q_{j,33}$	$\sum_{i=1}^{33} \sum_{j=1}^{37} q_{ij}$

In the case where the output of a target variable is not immediately available, Value Added Tax (VAT) was chosen as a proxy because it mirrors the economic activities in the industry. Table 2 shows either the target variables or the proxies which were carefully selected based on their relationship with the industry for the computation of state GDP.

Table 2: Target Variables

Industry	Source of Indicator	Target Variable/ Proxy	Remark
Crop Production	Agric Survey (HH + Corporate Farms	Output of Crop	All States
Livestock	Agric Survey (HH + Corporate Farms	Output of Livestock	All States
	,,		All States
Fishing	Agric Survey (HH + Corporate Farms	Output of Fishing	
	Establishment		Enugu (75%) & Kogi (25%)
Crude Pet & Nat. Gas	Administrative	13% derivation	Oil Producing State (Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo, Rivers).
	FMF/FIRS		All states
Quarrying and Other Mining	FMF/FIRS	VAT Generated	All States
Oil Refining	Establishment		Delta, Rivers, Kaduna States
Cement	Establishment	Output of Cement	Five States (Edo, Sokoto, Kogi, Ogun, Benue
Other Manufacturing	FMF/FIRS		All States
Electricity	Admin.(all state)/ Nigeria electricity Commission	Electricity Generated	Niger (29%), Delta (21%), Lagos (18%), Kogi (12%), Plateau (10%), Cross River (6%), Rivers (4%).
Water	FMF/FIRS		All States
Building and construction	FMF/FIRS	VAT Generated	All States
Wholesale & Retail Trade	FMF/FIRS		All States
Hotel & Restaurant	FMF/FIRS	VAT Generated	All States

Road Transport	Establishment	Petroleum Distribution	All states
Rail Transport & Pipeline	Establishment	Turnover	Lagos (40%), Kano (30%), Kaduna (20%), Borno (10%).
Water Transport	Establishment	No. of Operator	Bayelsa (25%), Ondo (22%), Akwa Ibom, (15%), Rivers (12%), Delta (10%), Cross Rivers (9%), Lagos (7%).
Air Transport	Establishment NCAA, Lagos	Landing Time	Adamawa, Borno, Cross River, Delta, Edo, Enugu, Imo, Kano, Lagos, Ondo, Rivers, FCT.
Transport Services	FMF/FIRS	VAT Generated	All States
Telecommunication	FMF/FIRS	VAT Generated	All States
Post	FMF/FIRS	VAT Generated	All States
Financial Institution	Administrative	Bank Offices and Branches	All States
Insurance	Administrative (NAICOM)	Insurance Offices and Branches	All States
Real Estate	Establishment.	Population Figures	All States
Business Services	FMF/FIRS	VAT Generated	All States
Public Administration	FMF/FIRS	VAT Generated	All States
Education	Establishment (State Min. 0f Education)	Students Enrolment	All States
Health	Establishment.(State Min of Health)	Inpatient and Outpatient	All States
Private Non Profit Organizations	FMF/FIRS	VAT Generated	All States
Other services	FMF/FIRS	VAT Generated	All States
Broadcasting	FMF/FIRS	VAT Generated	All States

Index of Industrial Output

Based on the output matrix (Table 1), an index representing the indicator for the output of each industry was derived for each state.

If α represents indicator for crop production then,

$$\alpha_{11} = \frac{q_{\cdot 1}}{\sum_{i=1}^{37} q_{i\cdot}}$$

Where α_{11} represents the index of crop production in Abia State

q_{11} output of crop production in Abia state

$\sum_{i=1}^{37} q_{\cdot i}$ total output of crop for all the states

Following the same procedure the $\alpha_{\cdot r}$'s are derived for all the industries in the states by applying relevant indicators. This gave rise to Table 3 below:

Derivation of GDP for state by industry

Let γ represent GDP for the nation

γ_1 = GDP for crop production
γ_2 = GDP for livestock production
:
:
γ_{33} = GDP for Broadcasting

Therefore GDP for all industries Q = $\sum_{i=1}^{33} \gamma_i$

To derive the GDP for the state for each industry, the matrix in Table 3 is applied to the National GDP for each industry. This gives rise to Table 4 below.

Table 4: Derivation of GDP for State by Industry

State	Crop production	Livestock	Forestry	......	Broadcasting	Total
Abia	$\alpha_{11}\gamma_1$	$\alpha_{12}\gamma_2$	$\alpha_{13}\gamma_3$	......	$\alpha_{1,33}\gamma_{33}$	$\sum_{i=1}^{33} \alpha_{1i}\gamma_i$
Adamawa	$\alpha_{21}\gamma_1$	$\alpha_{22}\gamma_2$	$\alpha_{23}\gamma_3$	......	$\alpha_{2,33}\gamma_{33}$	$\sum_{i=1}^{33} \alpha_{2i}\gamma_i$
Akwa Ibom	$\alpha_{31}\gamma_1$	$\alpha_{32}\gamma_2$	$\alpha_{33}\gamma_3$	......	$\alpha_{3,33}\gamma_{33}$	$\sum_{i=1}^{33} \alpha_{3i}\gamma_i$
... ...	... ...	... ...	... ...	... ...	... ...	... ...
FCT	$\alpha_{37,1}\gamma_1$	$\alpha_{37,2}\gamma_2$	$\alpha_{37,2}\gamma_3$	......	$\alpha_{37,33}\gamma_{33}$	$\sum_{i=1}^{33} \alpha_{37,i}\gamma_i$
Total	$\sum_{j=1}^{37} \alpha_{j1}\gamma_1$	$\sum_{j=1}^{37} \alpha_{j2}\gamma_2$	$\sum_{j=1}^{37} q_{j3}\gamma_3$		$\sum_{j=1}^{37} q_{j,33}\gamma_{33}$	$\sum_{i=1}^{33}\sum_{j=1}^{37} \alpha_{ij}\gamma_i$

Where $\sum_{j=1}^{37} \alpha_{j1}\gamma_1 = \gamma_1$ = total GDP for crop

and $\sum_{i=1}^{33} \alpha_{1i}\gamma_i$ = Total GDP for all industries for Abia State

and $\sum_{i=1}^{33}\sum_{j=1}^{37} \alpha_{ij}\gamma_i$ = National GDP for all industries

Equally Distributed Education Index

The education index measures a country's relative achievement in both adult literacy and combined primary, secondary and tertiary gross enrolments.

Adult literacy rates were calculated for males and females separately. It is defined as the proportion of the population aged 15 years or over who can read and write with understanding a short and simple statement about everyday life.

Gross enrolment ratio was also computed for males and females separately. It is defined as the proportion of pupils/students in school irrespective of age to total number of persons of official school age. The calculation of gross enrolment ratio excluded tertiary education because the available data was not disaggregated by state.

Earned Income

Earned income is income a person earns from all jobs done. It includes wages and salaries, proceeds from farm produce, professional fees, profits, remittances and gifts. Getting accurate income data has always been problematic because people associate disclosing income with taxation.

Earned income was estimated using ratio of female and male wage in the non-agricultural sector. In addition to this, male and female shares of the economically active population were also computed from GHS 2007 data. The (projected) population census figure for 2007 was used to get the female and male shares of the population. This was combined with the decomposed state GDP per capita using the exchange rate for 2007 as a proxy to PPP US$.

The method used in estimating earned income is as follows:

i. Calculating Total GDP = total population * GDP per capita.
ii. Ratio of female non-agricultural wage to male non- agricultural wage was got from the income of males and females working in non-agricultural sector of the GHS 2007. The ratio was computed by dividing the total income earned by females by the males' total income.
iii. Computing the male and female shares of economically active population. The economically active population was derived by filtering out the population aged 15 to 64 years.
iv. The female share of the wage bill was calculated by dividing the product of the ratio of female non-agricultural wage to the male non-agricultural wage and female economically active population by the product of the ratio of female non-agricultural wage to the male non-agricultural wage and female economically active population plus the male economically active population.
v. Estimated female earned income was then derived by multiplying total GDP US$ by female share of wage bill divided by female share of the population. While estimated male earned income was derived by subtracting the product of total GDP US$ by female share of wage bill divided by male share of the population.

Gender Empowerment Measure (GEM)

Gender Empowerment Measure focuses on women's opportunities rather than their capabilities and captures gender inequality in three key areas. The UNDP globally accepted methodology for computation of GEM was used and this captures gender inequality in five key areas:

- Political participation and decision-making power, as measured by women's and men's percentage shares of parliamentary seats.
- Economic participation and decision-making power, as measured by two indicators:
- Women's and men's percentage shares of positions as legislators, senior officials and managers
- Women's and men's percentage shares of professional and technical positions..
- Power over economic resources, as measured by women's and men's estimated earned income (PPP US$).

The following corresponding indicators or proxies were used in the computation of the above GEM.

i. Shares of females and males in parliamentary seats

ii. Share of female and male seats in state assemblies as proxy for females' and males' shares of positions as legislators, senior officials and managers due to lack of data on managers and senior officials

iii. Data on doctors, pharmacists, laboratory technologists, laboratory technicians, judges and permanent secretaries as proxy for females' and males' shares of professional and technical workers.

iv. Females' and males' estimated earned income.

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